

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Genesee County	County Genesee
Fiscal Year End September 30, 2006	Opinion Date March 2, 2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

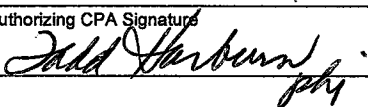
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter was necessary.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 810-767-5350	
Street Address 111 East Court Street, Suite 1A		City Flint	State MI
Zip 48502			
Authorizing CPA Signature 		Printed Name Tadd Harburn	License Number 1101014134

GENESEE COUNTY, MICHIGAN

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL PERIOD ENDING
SEPTEMBER 30, 2006**

Controller's Department

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Genesee County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Thomas H. Hain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

COMPREHENSIVE ANNUAL FINANCIAL REPORT

GENESEE COUNTY, MICHIGAN

September 30, 2006

Board of Commissioners

Archie H. Bailey, Chairperson of the Board



Raynetta P. Speed



Woodrow Stanley



Jamie W. Curtis



John Northrup



Miles T. Gadola



Patricia A. Lockwood



Archie H. Bailey



Ted Henry



Rose Bogardus

Prepared by:
Controller's Office

Controller
George Martini

Independent Auditors'
Plante & Moran, PLLC

Cover displays Human Services Departments of Genesee County

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I. INTRODUCTORY SECTION

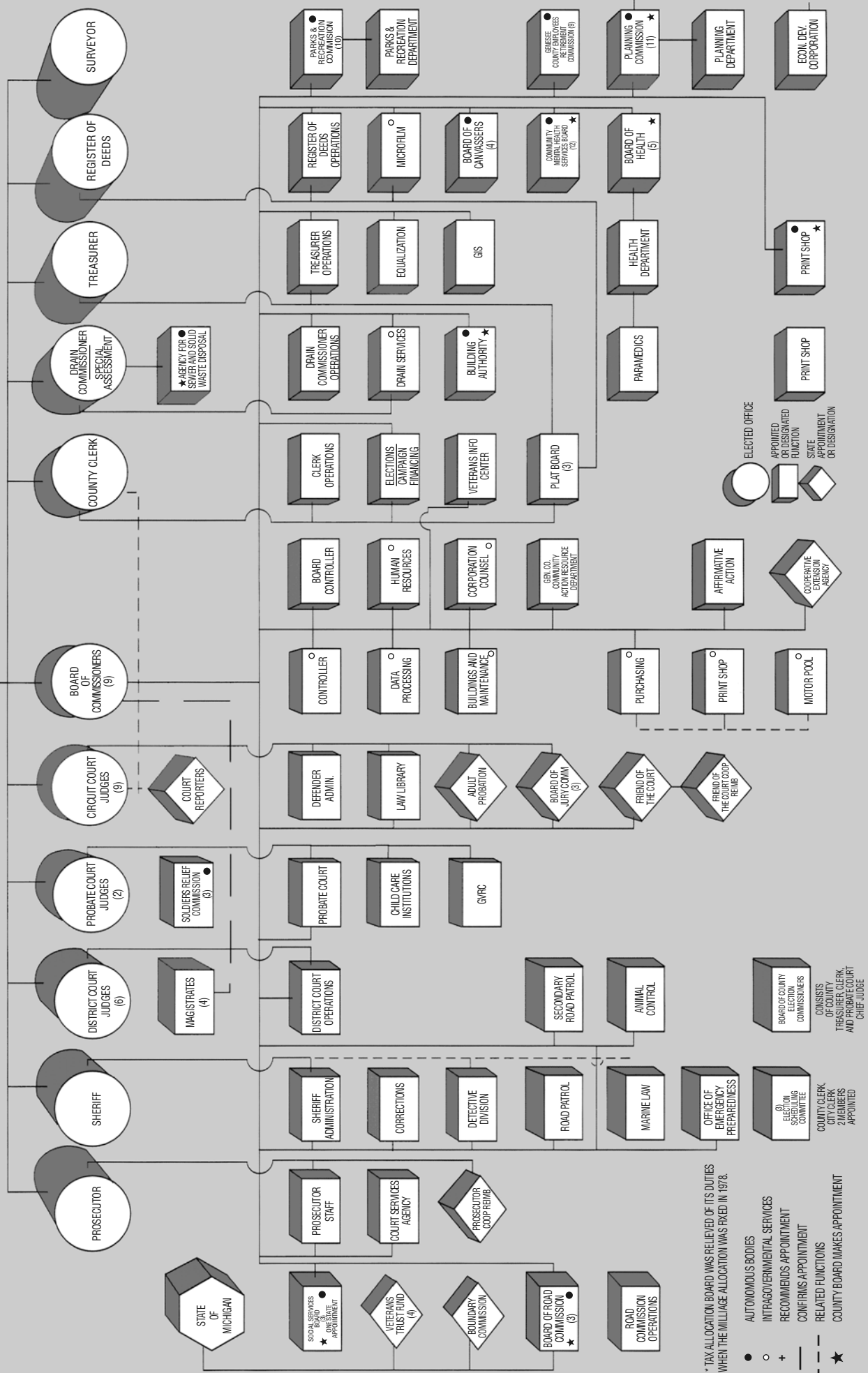
The Introductory Section Contains:

- A. Certificate of Achievement**
(Inside Front Cover)
- B. Organization Chart**
- C. Transmittal Letter**

ORGANIZATIONAL CHART

GENESEE COUNTY

**ELECTORATE OF
GENESEE COUNTY**



* TAX ALLOCATION BOARD WAS RELIEVED OF ITS DUTIES WHEN THE MILLAGE ALLOCATION WAS FIXED IN 1978.

- AUTONOMOUS BODIES
- INTRAGOVERNMENTAL SERVICES
- + RECOMMENDS APPOINTMENT
- CONFIRMS APPOINTMENT
- - RELATED FUNCTIONS
- ★ COUNTY BOARD MAKES APPOINTMENT

The Comprehensive Annual Financial Report of Genesee County for the fiscal period ended September 30, 2006 is submitted herein. This report was prepared by the County Controller's Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of this presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included. A more detailed statement of management's responsibility for the Financial Statements is included in the Financial Section of this report, adjacent to the Auditor's opinion. In addition, the report provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC, was selected by the County's audit subcommittee and approved by the Board. In addition to meeting the requirements set forth in State statutes, the audit is designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is not included in this report, but is issued as a separate report.

THE REPORTING ENTITY AND ITS SERVICES

The funds and entities related to Genesee County included in this Comprehensive Annual Financial Report are considered to be within the overall responsibility of the Board of Commissioners. The criteria used in determining the reporting entity is consistent with the Governmental Accounting Standards Board Codification Section 2100. Based on these criteria, the various funds and account groups shown in the Table of Contents are included in this report. Also included in this report are the Genesee County Road Commission, Water and Waste Services, Drains, Land Bank Authority, Brownfield Authority and the Economic Development Corporation, which are presented as component units of Genesee County Government.

Background

Genesee County is geographically located in the southeast region of Michigan's Lower Peninsula, approximately 60 miles northwest of Detroit. It is the fifth largest county in the State of Michigan with an approximate population of 444,000. The dominant city of the County is Flint, with an approximate population of 125,000. Further information regarding the description of the County and its operations is included in Note A of the Financial Statements.

Organization of Government Unit

The government structure of Genesee County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body and its administrative body for many functions, is the County Board of Commissioners. The Board consists of nine commissioners elected by direct vote from single-member districts. In addition to the nine members of the Board of Commissioners, there are twenty-two other elected officials serving the County as judicial, administrative, or staff officers. An

organization chart depicting the County structure is shown on the page preceding this transmittal letter. The Controller is the Chief Accounting and Financial Officer of the County and assists the Board of Commissioners in fulfilling their responsibilities in the financial area. The County has assets totaling more than \$261.5 million for governmental and business-type activities with net assets in excess of \$165.5 million.

Services Provided

The County is responsible for the management and financing of over 250 municipal services to its citizens. These services are separated into seven major program areas. These areas are: legislative, administration of justice, law enforcement and community protection, human services, community enrichment and development, management and planning, and general support. Approximately 87 percent of these services are mandated by State law and the Board's choice is to determine the funding level needed to maintain these functions at a serviceable level. The remaining 13 percent are discretionary. The Board's responsibility is to determine if these services should be funded and at what level.

The resources and expenditure data regarding these services are discussed in the Financial Review Section of this report.

ECONOMIC CONDITION AND OUTLOOK

The economic conditions of the State of Michigan, as well as the difficulties being experienced by the American automakers, continues to have downward pressure on the economy of Genesee County. The unemployment rate increased in 2006 to 8.1% from 7.7% in 2005. This was the second highest unemployment rate of large county's in the State of Michigan.

At the end of 2005, General Motors announced that the Flint North engine factory will end production in 2008. This will eliminate in excess of 600 positions at this location. Most of this reduction will probably be made through attrition and retirements. This facility currently manufactures the GM "3800" motor which is highly regarded for its quality but is being phased out for new design products.

Delphi Corporation, an automotive parts supplier that was spun off from General Motors during the 1990's and is Genesee County's second largest employer, filed for bankruptcy protection in late 2005. Although there has been a small reduction in the workforce and products produced in the Genesee County facilities, the Delphi plants continue to produce parts for General Motors and other manufacturers. The County is hopeful that this company will emerge from bankruptcy as a stronger corporation and will continue to have a presence in Genesee County. The property owned by the Delphi Corporation represent .69% of the total taxable property within Genesee County.

During 2006, General Motors offered their employees "buyouts" and early retirements in an attempt to decrease total employment at this organization. As a result, total General Motors employment in the Genesee County area is approximately 12,250 employees with approximately 1,500 employees at the Delphi Corporation. This is a dramatic reduction from the employment levels of the 20th century.

Despite the challenges that the auto industry is facing and the consequences that Genesee County faces because of those challenges, General Motors has made a very significant commitment to Flint and Genesee County. Since 1998, General Motors has

invested over \$2 billion in new plants and technology in the Genesee County economy. Some of these projects include:

- The new Global V-6 engine facility - \$300 million
- Improvements to Flint Truck Assembly - \$200 million
- The new L-6 engine facility - \$500 million
- (2) new truck production lines - \$900 million
- New press investment at Flint Metal Center - \$100 million
- The Service & Parts Operations (SPO) World Headquarters - \$45 million

General Motors announced in January, 2007 that their Flint Engine South Powertrain facility will add production of the Vortec 3500 inline five-cylinder engine to its current production of inline six-cylinder engines. An additional 45 jobs will be added at Flint Engine South.

These investments highlight General Motor's continuing commitment to the Genesee County area. GM's Chairman and CEO, Rick Wagoner remarked at the Detroit Auto Show that "I'm very positive (about Flint), I think they've done a very good job in the truck plant facility" referring to the Flint Truck Assembly plant which currently has the highest level of GM employment in the County. Despite the dramatic reductions in General Motors employment in Genesee County (consistent with corporate-wide employment levels), Genesee County still has the largest concentration of GM manufacturing employment in the world.

Health care is Genesee County's second largest industry. Genesys Health Care Systems, Hurley Medical Center, and McLaren Health Care Corporation employ nearly 8,200 individuals. Residents of Genesee County have access to some of the best health care services in the entire State of Michigan. The activity that these three entities generate each year is very significant to the physical health as well as the economic health of the community.

The University of Michigan-Flint recently announced plans to construct a residential dormitory in downtown Flint to support its growth in student enrollment. The estimated cost of the project is \$21.3 million. The 300 bed residential hall is expected to have a strong positive impact on downtown Flint and will act as a catalyst to support further commercial and residential development near the Flint campus.

Genesee County is home to Baker College, one of the country's premier career colleges. Baker College is the largest private college in the State of Michigan and home to one of the largest online educational programs in the United States. With headquarters in Flint, Baker College has grown to 12 campuses and five satellite locations with over 33,000 students.

In addition to University of Michigan-Flint and Baker College, Genesee County is also home to Mott Community College and Kettering University. There are nearly 26,000 students at these four major colleges and several smaller colleges in Genesee County. These institutions offer a variety of undergraduate and graduate degree programs.

The jewel of Genesee County, Bishop International Airport, continues to expand to provide more and better services to its customers. During 2006, the airport completed construction on expanded baggage carousel facilities. However, the biggest news at the airport was the acceptance of a grant from the Charles Stewart Mott Foundation for \$10 million to enable the airport to begin development of an intermodal hub at the airport. This \$33.7 million project is designed to move cargo and other goods from one form of transportation – highways, rail, air, or maritime – to another. This hub will enable Genesee County to utilize its greatest assets; world class airport, convergence of three major highways, two major railroad systems, and nearby maritime ports for future economic development initiatives.

LONG-TERM FINANCIAL PLANNING

The Genesee County Board of Commissioners have recognized that there are a number of financial challenges facing Genesee County and all local units of government in the State of Michigan. To face these challenges, the Board is embarking on a new budget methodology for the 2007/2008 and subsequent fiscal years. The Board of Commissioners will be implementing performance based budgeting over the next two-three budget cycles. This will involve citizen surveys, updates to the County's strategic plan, and development of long-term and short-term goals for all County Departments. This process will help the Commissioners to prioritize the limited resources available to Genesee County to be assured that the services the County provides are the most valuable services to County residents. The County will utilize five-year budget projections to link budget priorities with the desired financial outcomes.

In October, 2003, the County Board of Commissioners approved the creation of a Voluntary Employees Beneficiary Association (VEBA), a trust specifically designed for pre-funding of the costs associated with retiree health care. This trust was designed to segregate the funds being set aside for retiree health care from the general assets of the County and to satisfy the requirements of GASB 43/45 that these funds be separate from general County assets. It also allows the Board of Commissioners to invest these funds similar to the funds set aside for pension obligations with the hope that the investment returns will be much greater than the investments available to the general county. The County has formulated a plan to change the funding methodology from pay-as-you-go funding for retiree health care costs to contributing an actuarially determined rate for pre-funding these costs.

ACCOUNTING AND FINANCIAL POLICIES

The County's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenue being recorded when available and measurable and expenditures being recorded when the services or goods are received and the related liabilities are incurred. Accounting records for the County's proprietary and similar fiduciary funds are maintained on the accrual basis.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

As a recipient of federal and state financial assistance, the County is responsible for ensuring an adequate internal control structure to ensure compliance with the applicable laws and regulations related to those programs, as well as meet the single audit requirements. The results of the County's 2005 single audit provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

It is anticipated that the 2006 single audit, when completed, will provide the same results. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

Budgetary control is maintained at the sub function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. There were no encumbrances at the

end of the year, since they became valid accounts payable or the encumbered amounts were released.

The County's operations are accounted for through seven different fund types as outlined in the Financial Report Format Section of this Transmittal Letter. The revenues received and expenditure incurred in the general operations of the County are recorded in the General Fund. The revenues and expenditures recorded in funds other than the General Fund are designated for specific programs or purposes.

Effect of Revenue Limitations

Michigan has the Headlee Amendment, which limits any increase in property tax to the annual inflation rate. In addition, any flow-through of special taxes (i.e. Alcohol and Cigarette Taxes) enacted by the State subsequent to the Headlee Amendment from which the County derives a benefit must reduce the property tax billed to the County residents. In order for the County to benefit from these special taxes, the Board of Commissioners must announce their intent to roll up property taxes to the maximum allowable and then hold a public hearing prior to Board action. The maximum allowable property tax is the product of the approved millage times the State Equalized Value limited to inflation rate without considering the effects of the special taxes. In order to assess above the inflation rate, voters must approve an increase in the millage.

The Headlee provisions were still applicable for Genesee County in 2006 with the result that the property tax rates for general operations were limited to 5.5095 mills while the millage rate for both Paramedics and Parks and Recreation was limited to .4849 mills. The millages were reduced from the maximum allowable of 5.68 for general operation and .5 mills for both Parks and Recreation and the Paramedics. Although there was no intent to hold an election to approve the roll-up of millage to the maximum allowable, the Board of Commissioners did roll up the property tax rate to the maximum allowable rate without a vote of the public to take advantage of the benefits derived from the special taxes.

As in past years, the effective management of local governmental finances is a continuous challenge for the legislative body of Genesee County. The Board of Commissioners' action in the latter part of 2005 to maintain property taxes at the allowable limit had a positive effect on the 2006 revenues.

General Fund Fund Balance

In 2004, the State of Michigan began a phased in change for the levy of county property taxes from a winter levy to a summer levy. This change has resulted in the levy of property taxes being near the end of the fiscal year instead of close to the beginning of the fiscal year. Property taxes remaining uncollected after November 30th, (sixty days after the end of the fiscal year), cannot be included in General Fund revenue but instead are considered a deferred revenue. At September 30, 2006, Genesee County had approximately \$5.7 million of uncollected property taxes from the Summer, 2006 tax levy. Accordingly, the property tax revenue account had a significant unfavorable variance from budget for 2006 resulting in Genesee County having excess expenditures over revenues in the General Fund of \$5,434,067. This resulted in General Fund fund balance decreasing from \$18,833,697 in 2005, to \$13,399,630 in 2006, a decrease of 28.85%. These uncollected property taxes will be collected in the subsequent fiscal year but will be included in 2006/2007 property tax revenues. While a similar situation will occur in 2006/2007, it is anticipated that the impact on General Fund fund balance will be much smaller.

In recent years expenditures have exceeded revenues. The County, in order to maintain a serviceable level, has used transfers from various funds. The Delinquent Tax Revolving Fund has been the primary source of other financing for the General Fund. The transfer from Delinquent Tax revolving to General Fund was \$4,093,396 in 2006, a decrease of \$1,911,641 from 2005. The

Delinquent Tax Revolving fund experienced a decrease in net assets during 2006 from \$20,215,017 to \$18,665,627, a decrease of \$1,549,390 or 7.7%. Very heavy emphasis during the 2006/2007 budget process on limiting the transfers from Delinquent Tax Revolving to the amount of Delinquent Tax Revolving Net Income together with careful budgeting in the General Fund should enable the County to maintain this level of reserves. It is anticipated that future transfers from Delinquent Tax Revolving to the General Fund will be limited to General Fund debt service requirements or approximately \$3.0 million per year.

Pension Trust Fund Operations

The fiscal year end for the Genesee County Employees Retirement System did not change to September 30 but instead remains December 31. The statements presented for the Pension system reflect the January 1, 2005 through December 31, 2005 calendar year.

The operations of the Genesee County Employees Retirement System (GCERS) continued to grow as the number of retirees increased from 1,343 to 1,377 or 2.5% during 2005. At December 31, 2005 the GCER's net assets totaled \$463,666,796.

Debt Administration

At September 30, 2006 the County had a number of debt issues outstanding. The issues included \$30,945,000 of general obligation bonds, \$21,795,000 in taxable delinquent property tax notes, \$2,900,000 in capital improvement bonds, and \$254,540 in various capital leases and a land contract. The County has an A+ rating from Standard & Poor's Corporation and an A2 from Moody's Investors Service on general obligation unlimited tax bond issues and on bond issues with tax limitations.

The County debt limit, as defined by statute, is ten percent (10%) of equalized property values or \$1,369,581,737. Total County long-term debt exclusive of component units was \$64,218,133 at September 30, 2006.

Summarized on the following page is the debt of the County, including both general obligations and debt secured by the County's pledge of full faith and credit.

	2006	2005	2004	2003	2002
Net Bonded Debt Per Capita	\$77	\$83	\$47	\$53	\$60
Net Bonded Debt as a Percentage of Value of Taxable Property	0.12%	0.14%	0.08%	0.10%	0.12%

Cash Management

Excess cash during the year was invested in Certificates of Deposit ranging from 7 days to 1 year to maturity, Commercial Paper ranging from 1 to 270 days to maturity and/or other U.S. Government Instruments with maturities ranging from 3 months to 2 years. Any un-invested funds in the bank checking accounts were swept into interest bearing trust accounts. As checks were presented for payment, monies to cover the checks were transferred from the Trust accounts into the checking accounts. The approximate mix of investments for 2006 was 22.59% in Certificates of Deposit, 41.14% in Commercial Paper, and 36.27% in other U.S. Government Instruments and the trust accounts. The average yield for 2006, except for the pension fund, was approximately 4.64%, which generated interest in the amount of \$3,534,755.

The pension fund portfolio, which includes common stocks, corporate bonds and real estate investments, achieved a total return of 7.55% for 2005, the systems latest fiscal year. The rate of return

on pension fund investments is a reflection of the market conditions in 2005.

Since the greater portion of County deposits are not insured and Michigan law prohibits collateralization of government deposits, the County uses an independent rating firm to rate both depository banks and those with which are placed certificates of deposit. The financial position of lesser rated banks are reviewed quarterly with higher rated and major banks reviewed annually by the County staff.

Risk Management

In 2006, the County was self-insured for property and liability insurance up to \$50,000 and \$500,000, respectively, for specific losses. The County is insured for the amount of claims in excess of such limitation to a maximum of replacement cost for property and \$20,000,000 for liability claims. The County is self-insured for claims in excess of insurance coverage. The County is also self-insured for the first \$50,000 of catastrophic coverage for auto physical damage per designated location. The County is self-insured for the first \$500,000 of workers' compensation losses.

The County paid losses within its self-insured retention through an Internal Service Fund. The net assets as of September 30, 2006 were \$6,207,814 with \$2,606,305 accrued as a liability for incurred losses and expenses. An actuarial study projected a required reserve of \$2.6 million for 2006. The County's Risk Manager provides employee accident prevention training and various risk control techniques through a continuing education program.

MAJOR INITIATIVES

In August, 2006, County voters approved a new millage specifically dedicated to providing additional services for individuals 60 years of age or older. The millage was for a total of 10 years and is .7 mills (\$.70 per \$1,000 of taxable value for real and personal property). The millage is expected to generate approximately \$7.7 million in the first year.

It is expected that these new revenues will be used to create and enhance a number of services for senior citizens that will be provided to homebound seniors as well as provided through community senior centers.

In early 2007, Genesee County issued a Request for Proposal (RFP) for a document management and imaging system for the criminal justice and legal programs in Genesee County. This RFP, was the culmination of several years of study and analysis regarding the potential benefits of the proposed system. This system, when implemented, is expected to significantly increase the efficiency and effectiveness of processing, storing, and retrieving documents of the Circuit Court, Probate Court, Family Court, District Courts, Sheriff's Department, Prosecutor's Office, Clerk's Office, Friend of the Court, and Defender Administrator. As most of these documents are public records, it is anticipated that public access to these documents will also be enhanced.

The Genesee County Pictometry and Orthoimagery Project was a coordinated effort to acquire both oblique and orthogonal high resolution digital aerial imagery for the entire Genesee County geographic area. This project included the use of Geographic Information System technology to enable users to see multiple views of every square foot of property in the county with the ability to find, view, analyze, and measure any structure, intersection, alley, property, or other feature. Genesee County led this initiative by partnering with multiple county agencies, all of the cities, townships, and villages within Genesee County, and other government entities to provide up-to-date aerial photography and GIS technology.

support healthcare for under- and uninsured individuals and families. Initially supported through County appropriations and various grants, the Genesee Health Plan now services over 25,000 residents. These individuals are typically working, non-elderly adults who could not otherwise afford or would not otherwise be afforded or eligible for another source of reliable and dependable medical care.

With the new property tax funding source, the Genesee Health Plan anticipates startup in 2007 of a new service through which small businesses, their employees, and the Plan will each share a third of the cost for an indemnity form of coverage which will provide access to a much broader array of services. Current and expected Plan services and growth are evidence of excellent collaboration across the government, private, and non-profit sectors of our county and demonstrate how creative public policy and effective local management can create improved services and conditions for current residents and a more attractive environment for existing and new businesses despite the challenging economic conditions within the State of Michigan.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Genesee County, Michigan for its comprehensive annual financial report for the fiscal period ended September 30, 2005, the twenty-eighth consecutive year.

In order to be awarded a Certificate of Achievement for Excellence, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

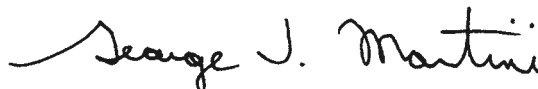
A Certificate of Achievement for Excellence is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Controller's Office and other County Departments that contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Very truly yours,



Commissioner Archie H. Bailey
Chairperson of the Board of Commissioners



George J. Martini
Controller

II. FINANCIAL SECTION

The Financial Section Contains:

- A. Auditor's Report**
- B. Management's Discussion and Analysis**
- C. Basic Financial Statements**
- D. Required Supplementary Information**
- E. Other Supplemental Information**

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following comprehensive annual financial statements and related notes of Genesee County were prepared by management in accordance with generally accepted accounting principles. The Board of Commissioners through the Audit Subcommittee of the Finance Committee (composed of Commissioners) is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements.

Management is responsible for the integrity and objectivity of the comprehensive annual financial statements which are presented in accordance with generally accepted methods of accounting. Established accounting procedures are designed to provide books, records, and accounts which fairly reflect the transactions of the County

The training of qualified personnel and the assignment of duties are intended to provide good internal controls. This provides assurances that transactions are executed in accordance with management's authorization and that adequate accountability of the County's assets is maintained.

Plante & Moran PLLC, independent public accountants, with direct access to the Board of Commissioners through its Audit Subcommittee, have examined the comprehensive annual financial statements prepared by the County, and their report follows.

Independent Auditors' Report

To the Board of Commissioners
Genesee County
Flint, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Genesee County, Michigan as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents, and for the year then ended. These basic financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Genesee County Community Mental Health Services, a fund of the County and which represents 26 percent and 35 percent, respectively, of the assets and revenues of the governmental funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Genesee County Community Mental Health Services, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Genesee County, Michigan at September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, major budgetary comparison information, and the retirement system analysis of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee County's basic financial statements. The introductory section, the combining and individual non-major fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. These combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section and the statistical data presented in Tables 1 through 19 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2007 on our consideration of Genesee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

March 2, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENESEE COUNTY

As management of Genesee County, we offer readers of the Genesee County's financial statements this narrative overview and analysis of the financial activities of Genesee County for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

- The assets of Genesee County exceeded its liabilities at the close of the most recent fiscal year by \$165,556,026 (net assets). Of this amount, \$92,648,264 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$5,830,831. This net increase was attributed to both Governmental activities and Business-type activities; the overall decrease is attributed to economic factors.
- As of the close of the current fiscal year, Genesee County's governmental funds reported combined ending fund balances of \$67,016,910, an increase of \$166,054 in comparison with the prior year. Approximately 22% of this total amount, \$14,445,595, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,301,036, 10.2% of total general fund expenditures.
- Genesee County's total debt was increased by the issuance of \$35,000,000 of new debt during the current fiscal year for various projects and refunding issues which was offset by payments of \$32,756,154.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Genesee County's basic financial statements. Genesee County's basic financial statements comprise three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Genesee County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all Genesee County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Genesee County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Genesee County that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Genesee County include legislative, management and planning, administration of justice, law enforcement, human services, community enrichment, general support, and other. The business-type activities of Genesee County include Parks and Recreation System, Jail Commissary and Delinquent Tax Revolving Fund.

The government-wide financial statements include not only Genesee County itself (known as the primary government), but also six legally separated component units for which Genesee County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found as Exhibit A-1 and A-2 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Genesee County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Genesee County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund

balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Genesee County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and four special revenue funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Genesee County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibit A-3 and A-4 of this report.

Proprietary Funds Genesee County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Genesee County uses enterprise funds to account for its Parks and Recreation System, Jail Commissary and Delinquent Tax Revolving Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Genesee County's various functions. Genesee County uses internal service funds to account for its fleet of vehicles, building and grounds maintenance, Property and Casualty and other Administrative Services. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Parks and Recreation System, Jail Commissary and Delinquent Tax Revolving Fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found as Exhibit A-6, A-7, and A-8 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Genesee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found as Exhibit A-9 and A-10 of this report.

Component Units Presented. The government-wide financial statements include not only Genesee County itself (known as the primary government), but also six legally separated component units for which Genesee County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The basic component unit financial statements can be found as Exhibit A-11 and A-12 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as Exhibit A-13 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Genesee County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found as Exhibit A-14 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found as Exhibit C of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve overtime as a useful indicator of a government's financial position. In the case of Genesee County, assets exceeded liabilities by \$165,556,026 at the close of the most recent fiscal year.

A significant portion of Genesee County's net assets (43.55% Percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Genesee County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Genesee County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GENESEE COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$115,793,865	\$110,372,033	\$39,583,899	\$36,005,500	\$155,377,764	\$146,077,533
Capital assets	<u>101,016,425</u>	<u>105,317,637</u>	<u>5,191,840</u>	<u>5,209,925</u>	<u>106,208,265</u>	<u>110,827,562</u>
Total asset	<u>216,810,290</u>	<u>215,689,670</u>	<u>44,775,739</u>	<u>41,215,425</u>	<u>261,586,029</u>	<u>256,905,095</u>

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Long-term liabilities outstanding	41,052,148	39,302,080	22,102,500	16,947,500	63,154,648	56,249,580
Other liabilities	<u>31,760,704</u>	<u>38,220,983</u>	<u>1,114,656</u>	<u>1,107,360</u>	<u>32,875,360</u>	<u>39,328,343</u>
Total liabilities	<u>72,812,852</u>	<u>77,523,063</u>	<u>23,217,156</u>	<u>18,054,860</u>	<u>96,030,008</u>	<u>95,577,923</u>
Net assets:						
Invested in capital assets, net of related debt	59,964,277	68,614,443	4,884,340	4,746,425	64,848,617	73,360,868
Restricted			8,059,145	6,588,273	8,059,145	6,588,273
Unrestricted	<u>84,033,1610</u>	<u>69,552,164</u>	<u>8,615,103</u>	<u>11,825,867</u>	<u>92,648,264</u>	<u>81,378,031</u>
Total net assets	<u>\$143,997,438</u>	<u>\$138,166,607</u>	<u>\$21,558,588</u>	<u>\$23,160,565</u>	<u>\$165,556,026</u>	<u>\$161,327,172</u>

An additional portion of Genesee County's net assets (5.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$92,648,264) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Genesee County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's total net assets increased by \$4,228,851. This increase represents Governmental activities which is attributed to economic factors.

Governmental Activities Governmental activities increased Genesee County's net assets by \$5,830,831, key elements affecting this change are as follows:

Genesee County's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 98,162,551	\$ 97,203,206	\$ 9,698,041	\$ 7,135,062	\$ 107,860,592	\$104,338,268
Operating grants and contributions	102,973,924	106,495,973	-	-	102,973,924	106,495,973
General revenues:						
Taxes	92,564,404	82,360,300	-	-	92,564,404	82,360,300
Unrestricted contributions	-	4,071,075	-	-	-	4,071,075
Use of money and investments	3,528,890	5,632,975	470,787	329,329	3,999,677	5,962,304
Other intergovernmental revenues	22,586,954	21,993,912	-	-	22,586,954	21,993,912
Other unrestricted revenues	<u>6,659,243</u>	<u>2,825,926</u>	<u>-</u>	<u>-</u>	<u>6,659,243</u>	<u>2,825,926</u>
Total revenues	326,475,966	320,583,367	10,168,828	7,464,391	336,644,794	328,047,758
Expenses						
Legislative	1,016,026	919,415	-	-	1,016,026	919,415
Management and planning	34,035,699	33,824,940	-	-	34,035,699	33,824,940
Administration of justice	37,466,674	37,721,807	-	-	37,466,674	37,721,807
Law enforcement/commun. protec.	35,380,617	31,940,559	-	-	35,380,617	31,940,559
Human services	206,232,926	207,518,433	-	-	206,232,926	207,518,433
Community enrichment/develop	10,198,345	7,952,030	-	-	10,198,345	7,952,030
General support services	330,176	229,806	-	-	330,176	229,806
Other	-	1,015,465	-	-	-	1,015,465
Interest on long-term debt	1,244,093	1,590,352	-	-	1,244,093	1,590,352
Commissary	-	-	307,663	275,728	307,663	275,728
Delinquent Tax	-	-	4,417,404	2,876,769	4,417,404	2,876,769
Parks & Recreation Enterprise	-	-	1,786,317	1,454,358	1,786,317	1,454,358
Total Expenses	<u>325,904,556</u>	<u>322,712,807</u>	<u>6,511,384</u>	<u>4,606,855</u>	<u>332,415,940</u>	<u>327,319,662</u>
Increase in net assets before transfers	571,410	(2,129,440)	4,701,980	2,857,536	5,273,390	728,096
Transfers	<u>5,259,421</u>	<u>7,909,798</u>	<u>(5,259,421)</u>	<u>(7,909,798)</u>	<u>-</u>	<u>-</u>
Change in net assets	5,830,831	5,780,358	(1,601,977)	(5,052,262)	4,228,854	728,096
Net assets – 10/01/2005	<u>138,166,607</u>	<u>132,386,249</u>	<u>23,160,565</u>	<u>28,212,827</u>	<u>161,327,172</u>	<u>160,599,076</u>
Net assets – 09/30/2006	<u>\$143,997,438</u>	<u>\$138,166,607</u>	<u>\$21,558,588</u>	<u>\$23,160,565</u>	<u>\$165,556,026</u>	<u>\$161,327,172</u>

- Implementation of GASB 34 requirements has changed the presentation of this report and is reflected in the net asset balances.
- Reductions to State funding in several key areas such as revenue sharing and program grants has forced cut backs in many areas.

- Due to funding shortages and higher than anticipated costs, Genesee County's General Fund has seen a \$5,434,067 decrease in fund balance.
- Property taxes increased by \$10,114,053 during the year. Most of this increase is the product of a strong residential growth in the southern portion of the county and a strong housing market spurred by low interest rates.
- Operating grants for governmental activities remain a large part of the overall budget. These grants support a variety of community services in the county.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. The net assets for business-type activities decreased by \$1,601,977. Key elements of this decrease are as follows.

- The Delinquent Tax Revolving fund reflects a major portion of the decrease in retained earnings from 2006. The implementation of new requirements as well as the transfer of funds to Governmental activities for support of capital purchases and debt service requirements are reflected in this decrease.

Financial Analysis of the Government's Funds

As noted earlier, Genesee County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Genesee County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing Genesee County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Genesee County's governmental funds reported combined ending fund balances of \$67,016,910, an increase of \$166,054 in comparison with the prior year. Approximately 22% of this total amount (\$14,445,596) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

The general fund is the chief operating fund of Genesee County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,301,036, while total fund balance was decreased to \$13,399,630. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.2 percent of total general fund expenditures, while total fund balance represents 18.8 percent of that same amount.

At the end of the current fiscal year, the total fund balance of mental health was decreased to \$17,668,455. The fund balance represents 15 percent of total mental health expenditures.

At the end of the current fiscal year, the total fund balance of county health was decreased to \$3,886,053. The fund balance represents 18.7 percent of total county health expenditures.

The fund balance of Genesee County's general fund, decreased by \$5,434,067 during the current fiscal year. Due to:

- State shared revenues to Genesee County were eliminated and the summer tax accelerator program did not cover the loss of funds.

The combined ending fund balances of the major Special Revenue funds total \$41,001,867 at September 30, 2006, an increase of \$14,579,565 over the prior year.

Proprietary funds. Genesee County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to \$8,615,103. The total decrease in net assets for all proprietary funds was \$1,601,977. Other factors concerning the finances of these funds have already been addressed in the discussion of Genesee County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor with no additional appropriations required due to changes in revenue streams. During the year, however, expenditure exceeded budgetary estimates and revenues were less than budgetary estimates, thus the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital assets. Genesee County's investment in capital assets for its governmental and business type activities as of September 30, 2006, amounts to \$106,208,265 (net of accumulated depreciation). This investment in capital assets included land, buildings and system, improvements, machinery and equipment, and park facilities.

Additional information on Genesee County's capital assets can be found in Note D in Exhibit A-13 of this report.

Long-term debt. At the end of the current fiscal year, Genesee County had total bonded debt outstanding of \$182,648,789. Of this amount, \$55,894,540 comprises debt backed by the full faith and credit of the government, \$615,407 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment and \$2,385,000 is Michigan Transportation bonds for which are payable with Act 51 money.

Genesee County's total debt, including component units, increased by \$991,801 during the current fiscal year. The key factor in this increase was due to additions related to delinquent tax notes and normal debt retirement in the fiscal years budget.

Genesee County maintains an "A+" rating from Standard & Poor's and Fitch and an "A2" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for Genesee County is \$1,369,582,737, which is significantly in excess of Genesee County's outstanding general obligation debt.

Additional information on Genesee County's long-term debt can be found in note E of Exhibit A-13 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Genesee County is currently 8.1 percent, which is a increase from a rate of 7.7 percent a year ago. This increase is attributed to local conditions and is reflective of state and national trends.
- The government expects to see reduced funding from State agencies due to a reduction in tax collections as seen in a nation-wide trend of state and local revenues.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Genesee County's budget for the 2007 fiscal year.

Request for Information

The financial report is designed to provide a general overview of Genesee County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, County of Genesee, 1101 Beach Street, Flint, MI 48502.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

September 30, 2006

GENESEE COUNTY

Exhibit A-1

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents.....	\$ 22,732,597	\$ 943,374	\$ 23,675,971	\$ 61,586,470
Investments.....	46,986,588	3,289,902	50,276,490	
Current and delinquent taxes receivable.....	19,212,611	28,052,255	47,264,866	
Special assessments receivable.....				59,734,104
Interest and accounts receivable.....	2,589,030	4,413,133	7,002,163	4,243,633
Due from other governmental units.....	21,040,407	1,200,115	22,240,522	14,600,605
Due from component unit.....	225,522	1,463,835	1,689,357	
Due from primary government.....				1,110
Internal Balances.....	3,104	(3,104)		
Inventory.....	882,222	46,279	928,501	3,661,460
Prepayments.....	948,684	178,115	1,126,799	1,521,507
Other assets.....	37,820		37,820	
Restricted assets:				
Cash.....				18,584,999
Deposits and employee advances.....	635,280		635,280	
Long term advances to component unit.....	500,000		500,000	
Capital assets (net of accumulated depreciation)				
Land (not depreciated).....	19,861,602	3,302,284	23,163,886	1,282,412
Land improvements.....	47,382	300,173	347,555	116,436,522
Buildings.....	77,186,608	387,193	77,573,801	221,333,602
Machinery and equipment.....	3,920,833	1,202,190	5,123,023	5,014,698
Construction in progress.....			0	24,830,473
Total assets	216,810,290	44,775,744	261,586,034	532,831,595
LIABILITIES				
Accounts payable.....	17,720,738	602,645	18,323,383	7,229,188
Accrued payroll.....	2,856,381	24,256	2,880,637	29,065
Accrued vacation.....	1,063,485		1,063,485	
Other accrued liabilities and deposits.....	4,023,859	487,755	4,511,614	1,020,211
Due to other governmental units.....	5,588,617		5,588,617	792,789
Due to component unit.....	1,110		1,110	
Due to primary government.....				1,689,357
Long term advances from primary government...				500,000
Unearned revenue.....	506,514		506,514	36,762,768
Liabilities payable from restricted assets:				
Accounts payable.....				6,867,007
Noncurrent liabilities:				
Current portion debt.....	8,308,539	21,849,000	30,157,539	8,632,605
Long term debt.....	32,743,609	253,500	32,997,109	118,193,776
Total liabilities	72,812,852	23,217,156	96,030,008	181,716,766
NET ASSETS				
Invested in capital assets, net of related debt....	59,964,277	4,884,340	64,848,617	277,041,901
Restricted for programs and debt service.....		8,059,145	8,059,145	3,682,753
Unrestricted	84,033,161	8,615,103	92,648,264	70,390,175
Total net assets	\$ 143,997,438	\$ 21,558,588	\$ 165,556,026	\$ 351,114,829

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES - GOVERNMENTAL, BUSINESS-TYPE,
AND COMPONENT UNITS
FOR THE YEAR ENDED September 30, 2006**

GENESEE COUNTY

Exhibit A-2

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
Legislative	\$ 1,016,026		
Management and planning	34,035,699	\$ 5,595,829	\$ 577,898
Administration of justice	37,466,674	4,030,973	10,031,000
Law enforcement and community protection	35,380,617	1,536,277	1,968,004
Human services	206,232,926	84,679,874	89,853,373
Community enrichment and development	10,198,345	2,319,598	543,649
General support services	330,176		
Interest on long-term debt	1,244,093		
Total governmental activities	<u>325,904,556</u>	<u>98,162,551</u>	<u>102,973,924</u>
Business-type Activities:			
Commissary	307,663	467,888	
Delinquent Tax	4,417,404	7,827,298	
Parks and Recreation Enterprise	1,786,317	1,402,855	
Total business-type activities	<u>6,511,384</u>	<u>9,698,041</u>	<u>0</u>
Total primary government	<u>\$ 332,415,940</u>	<u>\$ 107,860,592</u>	<u>\$ 102,973,924</u>
Component units:			
Brownfield Authority.....	2,332,599		
Drains.....	4,875,850	841,647	318,363
Economic Development Corporation.....	428,376		
Landbank Authority.....	5,516,201	1,483,285	3,411,477
Road Commission.....	32,577,333	5,243,261	34,499,987
Water and Waste.....	36,009,262	33,097,254	
Total Component Units	<u>\$ 81,739,621</u>	<u>\$ 40,665,447</u>	<u>\$ 38,229,827</u>

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
	\$ (1,016,026)		\$ (1,016,026)	
	(27,861,972)		(27,861,972)	
	(23,404,701)		(23,404,701)	
	(31,876,336)		(31,876,336)	
	(31,699,679)		(31,699,679)	
	(7,335,098)		(7,335,098)	
	(330,176)		(330,176)	
	(1,244,093)		(1,244,093)	
0	(124,768,081)	\$ 0	(124,768,081)	0
		160,225	160,225	
		3,409,894	3,409,894	
		(383,462)	(383,462)	
0	0	3,186,657	3,186,657	0
\$ 0	(124,768,081)	3,186,657	(121,581,424)	0
				\$ (2,332,599)
				(3,715,840)
				(428,376)
				(621,439)
				7,165,915
				(2,912,008)
\$ 0				(2,844,347)
General Revenues:				
Current property taxes.....	90,130,888		90,130,888	2,172,712
State liquor tax.....	2,160,880		2,160,880	
State cigarette tax.....	272,636		272,636	
Use of money and investments.....	3,528,890	470,787	3,999,677	4,159,743
Other unrestricted intergovernmental revenues.....	22,586,954		22,586,954	542,909
Other unrestricted revenues.....	6,659,243		6,659,243	5,061,175
Unrestricted contributions.....			0	14,148,198
Transfers.....	5,259,421	(5,259,421)	0	
Total general revenues and transfers	130,598,912	(4,788,634)	125,810,278	26,084,737
Change in net assets.....	5,830,831	(1,601,977)	4,228,854	23,240,390
Net assets - beginning.....	138,166,607	23,160,565	161,327,172	327,874,439
Net assets - ending.....	\$ 143,997,438	\$ 21,558,588	\$ 165,556,026	\$ 351,114,829

BALANCE SHEET - ASSETS GOVERNMENTAL FUNDS

GENESEE COUNTY

Exhibit A-3-1

	General	Mental Health	County Health
Cash and cash equivalents - Note C.....	\$ 0	\$ 4,647,614	\$ 529,698
Current and delinquent taxes receivable.....	19,212,611		
Investments - Note C.....		22,936,212	
Interest and accounts receivable.....	1,811,621	309,222	173,637
Due from other governmental units.....	1,953,350	1,467,915	1,572,667
Due from other county funds -- Note K.....	7,401,757		3,119,665
Due from component unit -- Note K.....			
Supplies inventory.....			
Prepayments.....	14,765	641,424	8,830
Other assets.....			
Deposits and employee advances.....	635,280		
Long-term advances.....	500,000		
TOTAL ASSETS	<u>\$ 31,529,384</u>	<u>\$ 30,002,387</u>	<u>\$ 5,404,497</u>

The notes to the financial statements are an integral part of this statement.

September 30, 2006

Community Action Resource Department	Revenue Sharing Reserve	Other Governmental Funds	Total Governmental Funds
\$ 638,676	\$ 7,043,524	\$ 7,839,298	\$ 20,698,810
			19,212,611
	11,510,000	2,945,000	37,391,212
	56,713	164,917	2,516,110
6,576,441		9,220,888	20,791,261
		2,024,166	12,545,588
		225,522	225,522
606,020		226,476	832,496
			665,019
27,643		10,177	37,820
			635,280
			500,000
<u>\$ 7,848,780</u>	<u>\$ 18,610,237</u>	<u>\$ 22,656,444</u>	<u>\$ 116,051,729</u>

BALANCE SHEET - LIABILITIES AND FUND EQUITIES GOVERNMENTAL FUNDS

GENESEE COUNTY

Exhibit A-3-2

	General	Mental Health	County Health
Accounts payable.....	\$ 1,932,164	\$ 9,593,700	\$ 520,707
Accrued payroll.....	1,328,006		55,528
Other accrued liabilities and deposits.....	54,982	2,665,915	365,935
Due to other governmental units.....	321,205	74,317	60,985
Due to other county funds -- Note K.....	8,769,507		378,867
Due to component unit -- Note K.....			
Deferred revenue.....	5,723,890		136,422
TOTAL LIABILITIES	18,129,754	12,333,932	1,518,444
Fund equities:			
Fund balances - Notes F and G:			
Reserved for:			
Long-term advances to component units.....	500,000		
Long-term receivables.....	3,098,594		
Prepayments.....		641,424	
Programs and debt service.....			3,886,053
Unreserved:			
Designated for:			
Costs and settlements of contractual disallowance's, claims and litigation.....	2,500,000		
Programs and debt service.....		17,027,031	
Special revenue programs and debt service.....			
Capital projects programs and debt service.....			
Undesignated reported in:			
General Fund.....	7,301,036		
Special Revenue Funds.....			
Capital Projects Funds.....			
TOTAL EQUITIES	13,399,630	17,668,455	3,886,053
TOTAL LIABILITIES AND EQUITIES	\$ 31,529,384	\$ 30,002,387	\$ 5,404,497

The notes to the financial statements are an integral part of this statement.

September 30, 2006

Community Action Resource Department	Revenue Sharing Reserve	Other Governmental Funds	Total Governmental Funds
\$ 1,608,256		\$ 3,104,543	\$ 16,759,370
356,548		860,006	2,600,088
		937,027	4,023,859
4,802,146		329,964	5,588,617
145,708		4,537,289	13,831,371
		1,110	1,110
		370,092	6,230,404
<u>6,912,658</u>	<u>\$ 0</u>	<u>10,140,031</u>	<u>49,034,819</u>
			500,000
			3,098,594
			641,424
171,900	18,610,237		22,668,190
			2,500,000
764,222			17,791,253
		7,994,759	7,994,759
		475,688	475,688
			7,301,036
		3,795,535	3,795,535
		250,431	250,431
<u>936,122</u>	<u>18,610,237</u>	<u>12,516,413</u>	<u>67,016,910</u>
<u>\$ 7,848,780</u>	<u>\$ 18,610,237</u>	<u>\$ 22,656,444</u>	<u>\$ 116,051,729</u>

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

GENESEE COUNTY

Exhibit A-3-3

Fiscal Year Ended September 30, 2006

Fund balances of governmental funds	\$ 67,016,910
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	101,016,425
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,723,890
Net assets held in internal service funds are classified as held for governmental activities but are not reported in the funds. This amount is the net assets exclusive of capital assets and long term debt which are reported elsewhere in this reconciliation	11,292,361
Long term liabilities, including long term notes and bonds payable are not due in the current period, and therefore, are not reported in the funds.	<u>(41,052,148)</u>
Net assets of governmental activities	<u>\$ 143,997,438</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

GENESEE COUNTY

Exhibit A-4

	General	Mental Health
Revenues:		
Taxes--Note H.....	\$ 57,894,895	
Licenses and permits.....	401,379	
Fines and forfeitures.....	2,290,417	
Use of money and property.....	1,253,515	\$ 820,797
Federal grants--Note G.....	0	3,558,490
State grants--Note G.....		23,141,207
Other intergovernmental revenues.....	6,489,282	
Charges for services.....	9,904,534	82,984,608
Other.....	2,343,650	702,168
TOTAL REVENUES	80,577,672	111,207,270
Expenditures:		
Current operations:		
Legislative.....	1,018,198	
Management and planning.....	9,310,154	
Administration of justice.....	22,000,113	
Law enforcement and community protection.....	23,562,417	
Human services.....	1,158,691	117,508,576
Community enrichment and development.....	547,661	
General support services.....	230,987	
Other.....	13,407,453	
Capital outlay.....	204,818	125,252
Debt service:		
Principal payments.....	0	
Interest.....		
TOTAL EXPENDITURES	71,440,492	117,633,828
REVENUES OVER(UNDER) EXPENDITURES	9,137,180	(6,426,558)
Other financing sources (uses):		
Transfers in (out):		
Transfers-In.....	15,678,927	3,029,943
Transfers-Out.....	(30,250,174)	
TOTAL OTHER FINANCING SOURCES(USES)	(14,571,247)	3,029,943
NET CHANGE IN FUND BALANCES	(5,434,067)	(3,396,615)
Fund balance at beginning of year.....	18,833,697	21,065,070
FUND BALANCE AT END OF YEAR	\$ 13,399,630	\$ 17,668,455

The notes to the financial statements are an integral part of this statement.

Fiscal Year Ended September 30, 2006

County Health	Community Action Resource Department	Revenue Sharing Reserve	Other Governmental Funds	Total Governmental Funds
\$ 652,705		\$ 18,563,496	\$ 10,382,124	\$ 86,840,515
			184,337	1,238,421
			183,015	2,473,432
		610,015	1,111,124	3,795,451
1,826,140	\$ 19,526,165		22,725,981	47,636,776
8,520,951	2,681,442		20,993,548	55,337,148
22,180			1,942,860	8,454,322
782,984			4,490,426	98,162,552
2,862,761	8,887,350		2,267,365	17,063,294
14,667,721	31,094,957	19,173,511	64,280,780	321,001,911
				1,018,198
			2,077,760	11,387,914
			14,092,392	36,092,505
			10,013,387	33,575,804
20,658,637	30,620,905		42,066,636	212,013,445
			8,586,378	9,134,039
				230,987
			551,064	13,958,517
117,191	315,058		2,064,324	2,826,643
			2,779,000	2,779,000
			1,521,960	1,521,960
20,775,828	30,935,963	0	83,752,901	324,539,012
(6,108,107)	158,994	19,173,511	(19,472,121)	(3,537,101)
7,865,190	130,000		20,700,867	47,404,927
(2,439,661)	(141,473)	(8,947,994)	(1,922,470)	(43,701,772)
5,425,529	(11,473)	(8,947,994)	18,778,397	3,703,155
(682,578)	147,521	10,225,517	(693,724)	166,054
4,568,631	788,601	8,384,720	13,210,137	66,850,856
\$ 3,886,053	\$ 936,122	\$ 18,610,237	\$ 12,516,413	\$ 67,016,910

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

GENESEE COUNTY

Exhibit A-5

Fiscal Year Ended September 30, 2006

Net change in fund balances--total governmental funds	\$ 166,054
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures, however, in the statement of activities the cost of assets is allocated over their useful lives and reported as depreciation expense. Details of the difference are:

-Capital outlay	1,017,304
-Depreciation expense	(4,233,333)
-Additions and Deletions	(96,699)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	5,723,890
--	-----------

The payment of principal on long-term debt consumes current financial resources of the governmental funds. However, on the statement of net assets, repayment of principal are recorded as a reduction to long-term debt payable and do not have any effect on net assets	2,779,000
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The activities of the internal service funds are considered part of governmental activities on the statement of changes in net assets but are not reported in the funds.	<u>474,615</u>
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Change in net assets of governmental activities	<u><u>\$ 5,830,831</u></u>
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The notes to the financial statements are an integral part of this statement.

BALANCE SHEET--PROPRIETARY FUNDS

GENESEE COUNTY

Exhibit A-6

		<u>Business Type Activities -</u>
		<u>Delinquent Taxes</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$	552,887
Investments.....		2,500,000
Current and delinquent property taxes receivable, less allowance for uncollectibles of \$675,093.....		28,052,255
Interest and accounts receivable.....		4,404,128
Due from other governmental units.....		1,200,115
Due from other county funds.....		1,180,890
Due from component unit.....		1,463,835
Supplies inventory.....		
Prepayments.....		56,184
TOTAL CURRENT ASSETS		<u>39,410,294</u>
CAPITAL ASSETS		
Land.....		2,783,818
Buildings and improvements.....		
Equipment.....		441,371
TOTAL CAPITAL ASSETS		<u>3,225,189</u>
Less allowances for depreciation.....		
TOTAL CAPITAL ASSETS, NET		<u>3,225,189</u>
TOTAL ASSETS	\$	<u><u>42,635,483</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable.....	\$	560,843
Accrued payroll.....		
Accrued vacation and other employee benefits.....		
Other accrued liabilities and deposits.....		430,022
Due to other governmental units.....		
Due to other County funds.....		1,183,991
Current portion of notes/bonds payable.....		21,795,000
TOTAL CURRENT LIABILITIES		<u>23,969,856</u>
LONG-TERM DEBT		
General and workers compensation claim Liability.....		
Notes/bonds payable exclusive of current portion.....		
TOTAL LONG-TERM DEBT		<u>0</u>
TOTAL LIABILITIES		<u>23,969,856</u>
NET ASSETS:		
Restricted for retirement of delinquent tax notes payable.....		7,754,639
Invested in capital assets net of related debt.....		3,225,189
Restricted for retirement of LRC rehab bond.....		304,506
Unrestricted.....		7,381,293
TOTAL NET ASSETS		<u>18,665,627</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>42,635,483</u></u>

The notes to the financial statements are an integral part of this statement.

September 30, 2006			Governmental	
Enterprise Funds		Total	Activities-	
Non-Major	Enterprise		Internal	Service
Funds			Funds	Funds
\$ 390,487	\$ 943,374	\$ 2,033,787		
789,902	3,289,902	9,595,376		
	28,052,255			
9,002	4,413,130	72,920		
	1,200,115	249,146		
	1,180,890	4,389,985		
	1,463,835			
46,279	46,279	49,726		
121,931	178,115	283,665		
<u>1,357,601</u>	<u>40,767,895</u>	<u>16,674,605</u>		
3,780,603	6,564,421	173,496		
1,181,215	1,181,215	176,430		
<u>3,658,336</u>	<u>4,099,707</u>	<u>25,211,545</u>		
8,620,154	11,845,343	25,561,471		
<u>6,653,503</u>	<u>6,653,503</u>	<u>18,372,723</u>		
1,966,651	5,191,840	7,188,748		
<u>\$ 3,324,252</u>	<u>\$ 45,959,735</u>	<u>\$ 23,863,353</u>		
\$ 41,802	\$ 602,645	\$ 961,368		
24,256	24,256	256,293		
		1,063,485		
57,733	487,755			
	0			
	1,183,991	3,101,101		
54,000	21,849,000	4,772,539		
<u>177,791</u>	<u>24,147,647</u>	<u>10,154,786</u>		
		2,606,305		
253,500	253,500	135,804		
<u>253,500</u>	<u>253,500</u>	<u>2,742,109</u>		
<u>431,291</u>	<u>24,401,147</u>	<u>12,896,895</u>		
	7,754,639			
1,659,151	4,884,340	6,934,208		
	304,506			
1,233,810	8,615,103	4,032,250		
<u>2,892,961</u>	<u>21,558,588</u>	<u>10,966,458</u>		
<u>\$ 3,324,252</u>	<u>\$ 45,959,735</u>	<u>\$ 23,863,353</u>		

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS--PROPRIETARY FUNDS

GENESEE COUNTY

Exhibit A-7

	<u>Fiscal</u> <u>Business</u>
	<u>Delinquent</u> <u>Taxes</u>
Operating revenues:	
Charges for sales and services:	
Ticket, permit & concession sales.....	\$ 7,827,298
Interest and penalties.....	7,827,298
TOTAL OPERATING REVENUES	<u>7,827,298</u>
Operating expenses:	
Salaries and fringe benefits.....	2,715,273
Supplies and other operating expenses.....	2,715,273
Depreciation.....	5,112,025
TOTAL OPERATING EXPENSES	<u>2,715,273</u>
OPERATING INCOME(LOSS)	<u>5,112,025</u>
Non-operating revenues (expenses):	
Investment earnings.....	443,889
Interest expense.....	(742,576)
Amortization and Other.....	(959,555)
Contribution to Component Unit-Land Bank Authority.....	(1,258,242)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>3,853,783</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>26,679</u>
Transfers-in.....	(5,429,852)
Transfers-out.....	(5,403,173)
TOTAL TRANSFERS	<u>(1,549,390)</u>
CHANGE IN NET ASSETS	<u>20,215,017</u>
Net assets at beginning of year.....	\$ 18,665,627
NET ASSETS AT END OF YEAR	<u>\$ 18,665,627</u>

The notes to the financial statements are an integral part of this statement.

Year Ended September 30, 2006			Governmental Activities- Internal Service Funds
Type Activities - Enterprise Funds			
Non-Major Enterprise Funds	Total		
\$ 1,870,743	\$ 1,870,743	\$ 16,746,117	
	7,827,298		
1,870,743	9,698,041	16,746,117	
840,397	840,397	7,354,845	
1,131,194	3,846,467	9,134,777	
103,767	103,767	815,840	
2,075,358	4,790,631	17,305,462	
(204,615)	4,907,410	(559,345)	
26,898	470,787	326,110	
(18,622)	(761,198)	(35,751)	
	0	(812,665)	
	(959,555)		
8,276	(1,249,966)	(522,306)	
(196,339)	3,657,444	(1,081,651)	
350,000	376,679	1,865,866	
(206,248)	(5,636,100)	(309,600)	
143,752	(5,259,421)	1,556,266	
(52,587)	(1,601,977)	474,615	
2,945,548	23,160,565	10,491,843	
\$ 2,892,961	\$ 21,558,588	\$ 10,966,458	

STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS

GENESEE COUNTY

Exhibit A-8

	<u>Business Type</u>
	<u>Delinquent Taxes</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers.....	\$ 37,926,181
Cash payment for delinquent taxes.....	(37,231,675)
Cash payments to suppliers for goods and services.....	(2,118,250)
Cash payments to employees for services.....	
Other operating revenues.....	120,739
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(1,303,005)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Borrowing under delinquent tax notes payable.....	35,000,000
Repayments under delinquent tax notes payable.....	(29,689,000)
Interest paid on delinquent tax notes payable.....	(817,956)
Advances from other governmental units, County units and funds.....	
Repayments to other governmental units, County units and funds.....	(4,082,235)
Contributions to other governmental entities.....	
Transfers-in from other funds.....	528,809
Transfers-out to other funds.....	(6,891,537)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>(5,951,919)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets.....	
Principal paid on long-term debt.....	
Interest paid on long-term debt.....	
Proceeds from sale of equipment.....	
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities.....	(113,523,012)
Proceeds from sale and maturities of investment securities.....	118,033,102
Interest and dividends on investments.....	443,889
NET CASH PROVIDED BY (USED FOR) IN INVESTING ACTIVITIES	<u>4,953,979</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,300,945)</u>
Cash and cash equivalents at beginning of year.....	2,853,830
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 552,885</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income(loss).....	\$ 5,112,025
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities:	
Depreciation.....	
Provision for uncollectible accounts.....	151,759
Change in assets and liabilities:	
(Increase) decrease in current and delinquent property taxes receivable.....	(6,457,593)
(Increase) decrease in interest and accounts receivable.....	(706,219)
(Increase) decrease in supplies inventory.....	
(Increase) decrease in prepayment and other current assets.....	493,393
Increase (decrease) in accounts payable and related items.....	103,630
Increase (decrease) in accrued payroll.....	
Increase (decrease) in other accrued liabilities and deposits.....	
Net cash provided by (used for) operating activities.....	<u>\$ (1,303,005)</u>

The notes to the financial statements are an integral part of this statement.

Fiscal Year Ended September 30, 2006
Activities - Enterprise Funds

Governmental
Activities-
Internal
Service
Funds

Non-Major Enterprise Funds		Total	
\$	1,870,743	\$ 39,796,924	\$ 16,843,089
		(37,231,675)	
	(1,060,289)	(3,178,539)	(8,895,597)
	(837,447)	(837,447)	(7,693,724)
		120,739	
	<u>(26,993)</u>	<u>(1,329,998)</u>	<u>253,768</u>
		35,000,000	
		(29,689,000)	(733,824)
		(817,956)	
		0	42,703
		(4,082,235)	
		0	
	350,000	878,809	1,865,866
	<u>(206,248)</u>	<u>(7,097,785)</u>	<u>(309,600)</u>
	<u>143,752</u>	<u>(5,808,167)</u>	<u>865,145</u>
	(10,302)	(10,302)	(654,119)
	(156,000)	(156,000)	(132,124)
	(12,531)	(12,531)	(35,751)
		0	14,062
	<u>(178,833)</u>	<u>(178,833)</u>	<u>(807,932)</u>
	(37,973)	(113,560,985)	(4,128,291)
	36,294	118,069,396	4,825,703
	<u>240,306</u>	<u>684,195</u>	<u>338,789</u>
	<u>238,627</u>	<u>5,192,606</u>	<u>1,036,201</u>
	176,553	(2,124,392)	1,347,182
	<u>213,934</u>	<u>3,067,764</u>	<u>686,605</u>
<u>\$</u>	<u>390,487</u>	<u>\$ 943,372</u>	<u>\$ 2,033,787</u>
\$	(204,615)	\$ 4,907,410	(559,345)
	103,767	103,767	815,840
		151,759	
	9,552	(6,448,041)	
		(706,219)	96,972
	(8,971)	(8,971)	(5,631)
	14,069	507,462	(15,589)
	56,255	159,885	252,977
	2,950	2,950	(338,879)
	0	0	7,423
<u>\$</u>	<u>(26,993)</u>	<u>\$ (1,329,998)</u>	<u>\$ 253,768</u>

GENESEE COUNTY EMPLOYEES' FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

GENESEE COUNTY

Exhibit A-9

	September 30, 2006	
	Total Pension and Employee Fringe Benefit (VEBA) Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 5,118,203	\$ 26,350,574
Receivables:		
Other receivables.....	465,702	640,716
Accrued interest and dividends.....	735,585	
TOTAL RECEIVABLES	1,201,287	26,991,290
Investments at fair value:		
U.S. Government securities.....	15,703,347	
Foreign Govts. and Agencies.....	71,473,175	
Corporate bonds.....	62,548,961	
Common stocks.....	90,988,883	
Preferred stocks.....	10,917,454	
Mutual funds.....	208,813,495	
Real Estate.....	19,914,429	
TOTAL INVESTMENTS	480,359,744	0
TOTAL ASSETS	486,679,234	26,991,290
LIABILITIES		
Refunds payable and other liabilities.....	452,821	26,991,290
Accrued expenses.....	21,283	
TOTAL LIABILITIES	474,104	26,991,290
NET ASSETS		
Held in trust for pension benefits and other purposes.....	<u>\$ 486,205,130</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

GENESEE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

GENESEE COUNTY

Exhibit A-10

	Fiscal Year Ended September 30, 2006
	<u>Total Pension and Employee Benefit Trust Fund</u>
ADDITIONS	
Contributions:	
Employer.....	\$ 13,864,482
Plan members.....	2,145,417
Total contributions.....	<u>16,009,899</u>
Investment earnings:	
Net (decrease) in fair value of investments.....	27,301,487
Interest.....	4,723,468
Dividends.....	1,690,146
Total investment earnings.....	<u>33,715,101</u>
Less investment expense.....	1,735,604
Net investment earnings.....	<u>31,979,497</u>
Total additions.....	<u>47,989,396</u>
DEDUCTIONS	
Benefits.....	27,635,459
Refunds of contributions.....	169,994
Administrative expenses.....	519,877
Transfer to other pensions plans.....	1,370,696
Total deductions.....	<u>29,696,026</u>
Change in net assets.....	18,293,370
Net assets-beginning of the year.....	467,911,760
Net assets- end of the year.....	<u>\$ 486,205,130</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS COMPONENT UNITS

GENESEE COUNTY

Exhibit A-11

	Road Commission 9/30/06	Water and Waste Services 12/31/05
ASSETS		
Cash and cash equivalents.....	\$ 47,611,657	\$ 8,699,777
Special Assessments and Lease Receivable.....	7,112,915	49,495,000
Interest and accounts receivable.....	220,815	3,130,721
Due from other governmental units.....	7,657,221	6,800,624
Due from other Primary Government.....		
Inventory.....	1,194,465	23,730
Prepayments.....	1,516,277	
Restricted Assets:		
Cash and cash equivalents.....	877,317	17,707,682
Construction in progress.....	2,112,683	21,821,318
Capital assets net of depreciation.....	125,226,698	183,471,592
TOTAL ASSETS	<u>193,530,048</u>	<u>291,150,444</u>
LIABILITIES		
Accounts payable.....	2,025,232	4,508,023
Accrued Payroll.....		
Other accrued liabilities and deposits.....	821,062	
Due to other governmental units.....	41,778	57,342
Due to Primary Government.....		
Unearned revenue.....	1,942,141	34,344,848
Payable from Restricted Assets:		
Accounts Payable.....	877,317	5,983,010
Long-term advance from Primary Government.....		
Current portion debt.....	920,727	7,020,000
Long-term Debt.....	1,840,753	108,576,420
TOTAL LIABILITIES	<u>8,469,010</u>	<u>160,489,643</u>
NET ASSETS		
Invested in capital assets - Net of related debt.....	124,577,901	119,164,169
Restricted for programs and debt service.....		1,925,150
Unrestricted.....	60,483,137	9,571,482
TOTAL NET ASSETS	<u>\$ 185,061,038</u>	<u>\$ 130,660,801</u>

The notes to the financial statements are an integral part of this statement.

Economic Development Corporation 12/31/05	Drains 9/30/06	Land Bank Authority 9/30/06	Brownfield Authority 09/30/06	Total
\$ 756,544	\$ 3,355,457	\$ 24,219	\$ 1,138,816	\$ 61,586,470
	3,126,189			59,734,104
299,037	8,458	581,082	3,520	4,243,633
		142,760		14,600,605
			1,110	1,110
	35,358	2,407,907		3,661,460
		5,230		1,521,507
				18,584,999
	896,472			24,830,473
	24,077,026	11,291,918		344,067,234
<u>1,055,581</u>	<u>31,498,960</u>	<u>14,453,116</u>	<u>1,143,446</u>	<u>532,831,595</u>
2,781	344,195	348,957		7,229,188
	15,148	13,917		29,065
	194,846	4,303		1,020,211
		693,669		792,789
		1,689,357		1,689,357
		475,779		36,762,768
	6,680			6,867,007
	500,000			500,000
	680,451	11,427		8,632,605
	2,269,957	506,646	5,000,000	118,193,776
<u>2,781</u>	<u>4,011,277</u>	<u>3,744,055</u>	<u>5,000,000</u>	<u>181,716,766</u>
	22,023,090	11,276,741		277,041,901
956,612	800,991			3,682,753
96,188	4,663,602	(567,680)	(3,856,554)	70,390,175
<u>\$ 1,052,800</u>	<u>\$ 27,487,683</u>	<u>\$ 10,709,061</u>	<u>\$ (3,856,554)</u>	<u>\$ 351,114,829</u>

**STATEMENT OF ACTIVITIES
COMPONENT UNITS**

GENESEE COUNTY

Exhibit A-12

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Drains 9/30/06
Component units:				
Drains.....	\$ 4,875,850	\$ 841,647	318,363	\$ (3,715,840)
Economic Development Corporation.....	428,376			
Road Commission.....	32,577,333	5,243,261	\$ 34,499,987	
Water and Waste.....	36,009,262	33,097,254		
Land Bank Authority.....	5,516,201	1,483,285	3,411,477	
Brownfield Authority.....	2,332,599			
Total Component Units	<u>\$ 81,739,621</u>	<u>\$ 40,665,447</u>	<u>\$ 37,911,464</u>	<u>(3,715,840)</u>
Revenues:				
Taxes.....				2,171,649
Unrestricted contributions.....				2,463,482
Use of money and investments.....				109,281
Other intergovernmental revenues.....				542,909
Other unrestricted revenues.....				
Transfers.....				
Total general revenues and transfers				<u>5,287,321</u>
Change in net assets.....				1,571,481
Net assets - beginning.....				25,916,202
Net assets - ending.....				<u>\$ 27,487,683</u>

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets					
Component Units					
Economic Development Corporation 12/31/05	Road Commission 9/30/06	Water and Waste 12/31/2005	Land Bank Authority 9/30/05	Brownfield Authority 09/30/06	Total
					\$ (3,715,840)
\$ (428,376)					(428,376)
	\$ 7,165,915				7,165,915
		\$ (2,912,008)			(2,912,008)
			\$ (621,439)		(621,439)
				\$ (2,332,599)	(2,332,599)
<u>(428,376)</u>	<u>7,165,915</u>	<u>(2,912,008)</u>	<u>(621,439)</u>	<u>(2,332,599)</u>	<u>(2,844,347)</u>
				1,063	2,172,712
		575,416	11,109,300		14,148,198
41,021	3,012,363	866,599	12,272	118,207	4,159,743
					542,909
		5,061,175			5,061,175
					0
<u>41,021</u>	<u>3,012,363</u>	<u>6,503,190</u>	<u>11,121,572</u>	<u>119,270</u>	<u>26,084,737</u>
<u>(387,355)</u>	<u>10,178,278</u>	<u>3,591,182</u>	<u>10,500,133</u>	<u>(2,213,329)</u>	<u>23,240,390</u>
<u>1,440,155</u>	<u>174,882,760</u>	<u>127,069,619</u>	<u>208,928</u>	<u>(1,643,225)</u>	<u>327,874,439</u>
<u>\$ 1,052,800</u>	<u>\$ 185,061,038</u>	<u>\$ 130,660,801</u>	<u>\$ 10,709,061</u>	<u>\$ (3,856,554)</u>	<u>\$ 351,114,829</u>

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

EXHIBIT A-13

NOTE A – DESCRIPTION OF COUNTY OPERATIONS, REPORTING ENTITY, AND FUND TYPES

The County of Genesee, Michigan was incorporated on March 18, 1835 and covers an area of approximately 642 square miles with the county seat located in the City of Flint. The County operates under an elected Board of Commissioners (9 members) and provides services to its more than 436,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services. Education services are provided to citizens through more than 198 schools in 21 local school districts, 5 colleges, and a district library; such districts, colleges, and library are separate governmental entities whose financial statements are not included herein, in accordance with The Governmental Accounting Standards Board Codification Section 2100.

As required by generally accepted accounting principles, these financial statements represent Genesee County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units:

Genesee County Building Authority - Legally separate entity established for the sole purpose of issuing bonded debt to finance construction of County buildings. The entire Building Authority is appointed by the County Board of Commissioners.

Genesee County Employees Retirement System - Legally separate entity established to account for employee and employer contributions, investment income, accumulated assets and payments to beneficiaries. The Pension board has five ex-official Commissioners due to their positions held in the county and four elected employee Commissioners, with services provided almost exclusively for the County and its employees. The Retirement System has a calendar fiscal year end. It was determined by the County that it would be extremely impractical for the Retirement System to change to a September 30th, fiscal year end.

Land Reutilization Council, Inc. – Legally separate entity, which is reported as if it were part of the primary government because its primary purpose is to account for real property obtained via property tax foreclosure procedures within Genesee County. The Council is appointed by the County Board of Commissioners.

Discretely Presented Component Units:

Genesee County Road Commission - An entity responsible for constructing and maintaining the primary and local road system within the County. Its three-member board is appointed by the County Board. The County Board can significantly influence the operations of the Road Commission Board.

Water and Waste Services- An entity established by the County pursuant to State law to provide for water and waste management services. The County appoints the lone board member/member-director and has the ability to remove the manager-director if they so choose. Water and Waste Services has a calendar year. The County has determined that it would be impractical for Water and Waste Services to change to a September 30th, fiscal year end.

Economic Development Corporation - An entity responsible for the administration of the Revolving Loan Program. This loan program makes low interest loans available to businesses located within Genesee County. The Board of the Economic Development Corporation (EDC) is appointed by the Board of Commissioners. The Board of Commissioners can remove Board members of the EDC if they so choose. The Corporation has a calendar year end. The County has determined that it would be impractical for the EDC to change to a September 30, fiscal year end.

Drains - These separate legal entities represent drainage districts established pursuant to Act 40, P.A. 1956, as amended, the Michigan Drain Code. The oversight of these districts is the responsibility of the Genesee County Drain Commissioner, an elected position that is funded by Genesee County. The County lends its full faith and credit towards payment of the Special Assessment bonds issued for the projects. The County can significantly influence the operations of the Drain Commission since the County Board of Commissioners approve the Drains budgets.

Genesee County Land Bank Authority – An entity which accounts for the activities of the Authority consisting of acquisition of properties via the delinquent tax state statute sales of property to individuals, commercial entities and nonprofit organizations, rental of properties to individuals, rehabilitation and demolition of properties in preparation for sale or future development. The entity is comprised of seven members appointed by the County Board. The County Board can significantly influence the operations of the Land Bank Authority Board.

Brownfield Authority – An entity governed by a nine-member Board. The Board is appointed by each member of the County Board. The Brownfield Authority was created to provide a means for financing remediation of Brownfield (environmentally contaminated) sites within the County.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements: The County is following GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. The standard requires government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and the component units even though the fiduciary fund statements are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Revenue recognition policies: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Revenues, which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues for 2006 include property taxes levied principally on December 1, 2005 and substantially collected in early 2006. The "2006 property taxes" assessed on December 31, 2005, become a lien on December 1, 2006, and are to be collected principally by February 28, 2007. Also, for the year ended September 30, 2006 the state legislative eliminated state shared revenues to Counties. As a compromise, the legislature allowed counties to move the property tax levy to a July 1 date. As a result, the July 1, 2006 levy is also recognized as revenue for the year ended September 30, 2006 to the extent that it is available. Other significant revenue susceptible to accrual include expenditure reimbursement type grants, certain inter-governmental revenues and operating transfers.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Mental Health Fund accounts for the operations of the County's Mental Health services.

The County Health Fund accounts for the operations of providing health protection and health services.

The Community Action Resource Department Fund accounts for the programs designed to provide health and human services to low income individuals.

The Revenue Sharing Fund accounts for the state authorized program to set aside property taxes to replace revenue sharing no longer distributed to counties.

The government reports the following major proprietary funds:

The Delinquent Tax Revolving Enterprise Fund accounts for the activities of the delinquent real property tax purchase program whereby the County purchases the outstanding taxes from each local taxing unit. The County, in turn collects those delinquent taxes along with penalties and interest.

The government reports the following fiduciary funds:

The Retirement Fund accounts for employee and employer pension contributions, investment income, accumulated assets, and payments to beneficiaries.

The Trust and Agency Fund accounts for assets held by the County as an agent for individuals, private organizations, other governments, and other funds.

The Employees Fringe Benefits (VEBA) Fund accounts for funds set aside with the intent to accumulate adequate funds to defray part of the cost of retiree medical benefits in future years.

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

EXHIBIT A-13

The Employees Qualified Excess Benefit Arrangement (QEBA) Fund provides a mechanism for payment of accrued pension benefits that are in excess of the IRS limits on the amounts that can be paid from the Retirement Fund.

Additionally, the government reports the following fund types:

Internal service funds accounts for various services such as data processing, purchasing, and other administrative services, fleet management, buildings and grounds maintenance, and the self funded property/casualty program. These services are provided to other County departments on a cost reimbursement basis.

Agency Funds account for assets held by the County in an agency capacity.

Private-sector standards of accounting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with guidance of the Governmental Accounting Standards Board. The government has elected not to follow private-sector guidance issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Genesee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Employee Vacation: County employees are granted vacation in varying amounts based on length of service. Vacation pay is accrued and fully vested when earned; upon termination, with a few bargaining unit exceptions, employees are paid accumulated vacation at full rates to a limit of 150% of their current annual earned vacation.

Long-Term Advances: Long-term advances from the General Fund to other funds are commonly made to finance new activities during their initial operations. General Fund fund balance is reserved for such advances to reflect the amount of fund balance not currently available for expenditure.

Budgets and Budgetary Accounting: Budgets shown in the financial statements were prepared on the same modified accrual basis used to reflect actual results. The County employs the following procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to July 1, County departments, in conjunction with the Controller's Office, prepare and submit their proposed operating budgets for the fiscal year commencing October 1. The operating budget includes proposed expenditures and resources to finance them,
- 2) A Public Hearing is conducted to obtain taxpayer's comments,
- 3) Prior to September 30, the budget is legally enacted through passage of a resolution,
- 4) After the budget is adopted, the Finance Committee of the Board of Commissioners is authorized to transfer budgeted amounts between accounts within a department. However, any revisions that alter the total expenditures of a department or fund must be approved by the Board of Commissioners,
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. Formal budgetary integration is not employed for other governmental type funds as effective management control is achieved through alternative procedures.
- 6) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations, which were amended. Appropriations unused at September 30 are not carried forward to the following year. The budgets for the General, and Special Revenue Funds are adopted at the departmental level, and total fund level, respectively. For the Special Revenue Fund budget presentations in Exhibits B3-B4 and D3-D4 more detail is presented than required by the adopted budget.

Cash and Cash Equivalents: The County considers cash equivalents as short-term highly liquid investments that are both readily convertible to cash and have maturities of ninety days or less when purchased to minimize the risk of changes in value due to interest rate changes.

Investments: Investments are stated at fair values. Fair value is determined based on quoted market prices except for money market funds, which are valued at amortized cost. Unrealized appreciation or depreciation on investments due to changes in market value are recognized in Fund operations each year.

Inventories: Inventories are stated at cost on a first-in, first-out basis for governmental funds and the lower of cost on a first-in, first-out basis or market for proprietary funds. The cost of inventory items in governmental funds is recorded as an expenditure at the time of purchase, except for the County Road Commission, certain Special Revenue Funds, and the Water and Waste Services component unit where inventories are expensed when used. Inventory in the Land Bank Authority represents land inventory held for resale.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There were no encumbrances at the end of the year since there were no outstanding amounts due on contracts or other commitments for the current year and the small number of purchase orders that were outstanding at the end of the year were canceled and reissued in the subsequent year.

Capital Assets: Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are:

Land Improvements.....	10 years
Buildings and Improvements	25-50 years
Equipment	3-20 years
Infrastructure	20-50 years

Long Term Obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business type activities or proprietary fund type statement of net asset. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States bank; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small business, certain state and local government obligations and certain other specified investment vehicles. The employees' fringe benefit (VEBA) fund is authorized by Michigan Public Act 149 of 1999 to invest in similar types of investments as the pension fund.

The County has designated three banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investments as allowed under State statutory authority as listed above. The County's cash and investments are subject to several types of risk which are examined in more detail below:

Custodial credit risk of bank deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the County had \$60,241,000 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the County evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

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Custodial credit risk of investments – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the County's name:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. gov or agency bond or note	\$ 23,565,000	Counterparty's trust dept
Commercial paper	24,746,000	Counterparty's trust dept
U.S. gov or agency bond or note (insurance trust)	1,121,626	Counterparty's trust dept
Corporate bonds (insurance trust)	1,822,051	Counterparty's trust dept
Commercial paper (insurance trust)	497,669	Counterparty's trust dept
U.S. gov or agency bond or note (VEBA)	297,470	Counterparty's trust dept
Corporate bonds (VEBA)	7,036,112	Counterparty's trust dept
Commercial paper (VEBA)	745,515	Counterparty's trust dept
U.S. gov or agency bond or note (pension)	15,387,101	Counterparty's trust dept
Foreign gov and agency (pension)	71,473,175	Counterparty's trust dept
Corporate bonds (pension)	50,268,851	Counterparty's trust dept
Corporate stocks (pension)	93,422,426	Counterparty's trust dept

Interest rate risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, the average maturities of investments are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1-10 Years</u>	<u>Over ten Years</u>
U.S. gov or agency bond or notes	\$ 23,565,000	23,565,000		
Commercial paper	24,746,000	24,746,000		
U.S. gov or agency bond or notes (insurance trust)	1,121,626	506,625	615,001	
Corporate bonds (insurance trust)	1,822,051	74,532	1,747,519	
Corporate stocks (insurance trust)	4,338,923	4,338,923		
U.S. gov or agency bond or notes (VEBA)	297,470	147,188	150,282	
Corporate bonds (VEBA)	7,036,112	651,565	6,384,547	
Corporate stocks (VEBA)	12,982,394	12,982,394		
Asset backed (pension)	382,518		382,518	
U.S. gov or agency bond or notes (pension)	5,625,722		1,585,967	4,039,755
Corporate bonds (pension)	19,703,976	2,316,631	10,814,065	6,573,280
Domestic (pension)	902,781		155,514	747,267
Federal agencies (pension)	1,603,071		1,168,552	434,519
FHLM pools (pension)	46,081	42,937		3,144
FNMA pools (pension)	1,691	1,691		
Foreign corporate (pension)	2,478,531		1,939,926	538,605
Foreign gov (pension)	1,420,800			1,420,800
GNMA I pools (pension)	52,328			52,328
Inflation index (pension)	7,047,295	3,471,306	727,285	2,848,704
Muni bonds (pension)	680,844			680,844
Private placement (pension)	535,607		98,717	436,890
U.S. federal agency (pension)	108,132	108,132		
Convertible bonds (pension)	28,966,211		1,268,340	27,697,871

Credit risk – Credit risk is the risk that the government will not be able to recover the value of its securities. The County follows state law which limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices for general County funds. The pension funds are allowed to invest in longer maturity corporate bonds in accordance with state law. As of year end, the credit quality ratings of debt securities not explicitly guaranteed by the U.S. Government are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Commercial paper	22,501,000	A-1	S&P
Commercial paper	2,000,000	A-2	S&P
Corporate bonds (insurance)	177,137	AAA	S&P
Corporate bonds (insurance)	1,040,592	A	S&P
Corporate bonds (insurance)	604,322	BBB	S&P
Corporate bonds (VEBA)	579,271	AAA	S&P
Corporate bonds (VEBA)	583,273	AA	S&P
Corporate bonds (VEBA)	1,182,824	A	S&P
Corporate bonds (VEBA)	605,240	BBB	S&P

Corporate bonds (VEBA)	3,836,755	Below Grade	S&P
Corporate bonds (VEBA)	248,750	Not Rated	S&P
Asset backed (pension)	242,518	A	S&P
Asset backed (pension)	140,000	AAA	S&P
Corporate bonds (pension)	1,045,052	BBB+	S&P
Corporate bonds (pension)	236,707	AAA	S&P
Corporate bonds (pension)	1,371,250	Not Rated	S&P
Corporate bonds (pension)	1,936,210	A	S&P
Corporate bonds (pension)	1,104,881	A-	S&P
Corporate bonds (pension)	1,759,565	A+	S&P
Corporate bonds (pension)	303,685	AA	S&P
Corporate bonds (pension)	954,608	AA-	S&P
Corporate bonds (pension)	494,185	AAA	S&P
Corporate bonds (pension)	348,015	B	S&P
Corporate bonds (pension)	229,425	B-	S&P
Corporate bonds (pension)	331,200	B+	S&P
Corporate bonds (pension)	1,405,390	BB	S&P
Corporate bonds (pension)	2,306,520	BB+	S&P
Corporate bonds (pension)	2,712,283	BBB	S&P
Corporate bonds (pension)	1,719,010	BBB-	S&P
Corporate bonds (pension)	1,445,615	BBB+	S&P
Corporate bonds (pension)	375	CCC	S&P
Domestic (pension)	902,781	Not Rated	S&P
Federal agencies (pension)	1,603,071	AAA	S&P
FHLM pools (pension)	46,081	Not Rated	S&P
FNMA pools (pension)	1,691	Not Rated	S&P
Foreign corporate bonds (pension)	1,197,092	A-	S&P
Foreign corporate bonds (pension)	45,600	BBB	S&P
Foreign corporate bonds (pension)	1,179,352	BBB+	S&P
Foreign corporate bonds (pension)	56,488	BB	S&P
Foreign Govt (pension)	1,420,800	BBB	S&P
Inflation index (pension)	100,790	AAA	S&P
Inflation index (pension)	6,946,505	Not Rated	S&P
Municipal bonds (pension)	680,844	A+	S&P
Private placements (pension)	436,890	BBB-	S&P
Private placements (pension)	98,717	BBB+	S&P
Convertible bonds (pension)	2,707,134	A	S&P
Convertible bonds (pension)	1,861,875	A-	S&P
Convertible bonds (pension)	3,982,100	A+	S&P
Convertible bonds (pension)	1,629,240	AA-	S&P
Convertible bonds (pension)	2,982,713	BB+	S&P
Convertible bonds (pension)	5,532,463	BBB	S&P
Convertible bonds (pension)	4,390,963	BBB-	S&P
Convertible bonds (pension)	3,270,938	BBB+	S&P
Convertible bonds (pension)	2,608,788	Not Rated	S&P

Foreign currency risk – Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The pension system restricts the amount of investments in foreign currency – denominated investments to 20 percent of total pension system investments. The following securities are subject to foreign currency risk:

<u>Foreign currency</u>	<u>Fair value (US\$)</u>
British pound	\$2,743,597
Canadian dollar	167,676
Danish krone	335,451
Euro currency	20,961,255
Hong Kong dollar	1,004,925
Japanese yen	12,470,659
Mexican peso	440,277
New Zealand dollar	360,994
Singapore dollar	525,951
South Korean won	6,809,684
Swiss franc	7,073,657

Further categorization by investment type is not readily available.

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

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NOTE D-CAPITAL ASSETS

Capital asset activity at September 30, 2006 is summarized as follows:

	Balance Oct. 1, 2005	Additions	Disposals	Balance Sept. 30, 2006
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 19,861,602	\$	\$	\$19,861,602
Construction in Progress	4,216,410	89,136	4,305,546	0
Subtotal	<u>24,078,012</u>	<u>89,136</u>	<u>4,305,546</u>	<u>19,861,602</u>
Capital assets being depreciated:				
Land improvements		50,608		50,608
Buildings and improvements	110,582,609	4,785,687		115,368,296
Machinery and equipment	40,781,801	1,037,475	3,378,627	38,440,649
Subtotal	<u>151,364,410</u>	<u>5,873,770</u>	<u>3,378,627</u>	<u>153,859,553</u>
Less accumulated depreciation for:				
Land improvements		3,226		3,226
Buildings	35,152,354	3,029,334		38,181,688
Machinery and equipment	34,972,431	2,016,613	2,469,228	34,519,816
Subtotal	<u>70,124,785</u>	<u>5,049,173</u>	<u>2,469,228</u>	<u>72,704,730</u>
Governmental activities				
Capital assets, net of depreciation	<u>\$105,317,637</u>	<u>\$ 913,733</u>	<u>\$5,214,945</u>	<u>\$ 101,016,425</u>
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 3,302,284	\$ 0	\$ 0	\$ 3,302,284
Capital assets being depreciated:				
Buildings	1,172,352	8,863		1,181,215
Land improvements	3,262,137			3,262,137
Machinery and equipment	4,022,888	76,819	0	4,099,707
Subtotal	<u>8,457,377</u>	<u>85,682</u>	<u>0</u>	<u>8,543,059</u>
Less accumulated depreciation for:				
Buildings	756,936	37,086		794,022
Land improvements	2,938,189	23,775		2,961,964
Machinery and equipment	2,854,611	42,906	0	2,897,517
Subtotal	<u>6,549,736</u>	<u>103,767</u>	<u>0</u>	<u>6,653,503</u>
Business type activities				
Capital assets, net of depreciation	<u>\$ 5,209,925</u>	<u>\$ (18,085)</u>	<u>\$ 0</u>	<u>\$5,191,840</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Legislative	\$ 0
Administration of Justice	270,353
Law Enforcement and Community Protection	941,528
Human Services	423,521
Community Enrichment and Development	416,916
General Support Services	2,151,475
Other	775
Internal service fund depreciation is charged to the various functions based on their usage of the assets	844,605
Total governmental activities	<u>\$5,049,173</u>
Business type activities:	
Parks and Recreation	<u>\$ 103,767</u>

In addition, land with an approximate value of \$5,000,000 used by Parks and Recreation is leased at nominal costs from the Nature Conservatory and the City of Flint under long-term arrangements.

NOTE E – LONG-TERM DEBT (including current portions)

Long-term debt of the County is as follows:

	<u>Balance</u> <u>Oct. 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Sept 20, 2006</u>	<u>Due within</u> <u>One Year</u>
Business Type Activities					
Parks and Recreation Fund:					
3.7% to 5.0% Genesee County Building Authority					
Bonds, Series 1998, Callable after May 1, 2008,					
at par plus accrued interest to date	\$ 463,500	0	(156,000)	307,500	54,000
Delinquent Tax Fund:					
5.0% to 9.7% Delinquent tax notes	<u>16,484,000</u>	<u>35,000,000</u>	<u>(29,689,000)</u>	<u>21,795,000</u>	<u>21,795,000</u>
Total Business Type Activities	<u>16,947,500</u>	<u>35,000,000</u>	<u>(29,845,000)</u>	<u>22,102,500</u>	<u>21,849,000</u>
Government Activities:					
Internal Service Fund Equipment Notes	386,694	0	(132,154)	254,540	118,736
4.0% to 5.1% Genesee County Building Authority Bonds,					
Series 2002, Bonds maturing May 1, 2013 subject to					
Mandatory redemption	2,515,000	0	(95,000)	2,420,000	100,000
2.5% to 4.05% Genesee County Building Authority Bonds,					
Series 2001, Not subject to redemption prior to maturity	1,485,000	0	(185,000)	1,300,000	195,000
2.0% to 4.0% Genesee County Building Authority Bonds,					
Series 2004, Not subject to redemption prior to maturity	5,205,000	0	(980,000)	4,225,000	1,000,000
3.7% to 5.0% Genesee County Building Authority Bonds,					
Series 2000, Callable after May 1, 2008,	1,081,500	0	(364,000)	717,500	126,000
3.4% to 5.1% Genesee County Building Authority Bonds,					
Series 1999, Bonds maturing May 1, 2019 subject to					
Mandatory redemption	3,720,000	0	(870,000)	2,850,000	910,000
4.0% to 4.75% Genesee County Building Authority Bonds,					
Series 2002-B, Bonds maturing after May 1, 2013, are					
Subject to redemption prior to maturity	4,400,000	0	(165,000)	4,235,000	170,000
4.75% TO 5.7% Genesee CountyBonds Series 2004-B					
Capital Improvement Bonds, Bonds maturing before					
April 1, 2014 not subject to redemption prior to maturity	2,060,000	0	(30,000)	2,030,000	35,000
3.00% to 5.00% Genesee County Refunding Bonds					
Bonds maturing on or prior to May 1, 2015 shall not be					
subject to redemption prior to maturity. Bonds maturing					
on or after May1, 2016 may be subject to prior redemption..	12,950,000	0	(90,000)	12,860,000	0
LRC:					
Variable rate Capital Improvement Bonds,					
Series 2004 A Subject to redemption on any					
Interest payment date	1,500,000	0	0	1,500,000	0
Variable rate Capital Improvement Bonds Series 2005 A					
Subject to redemption on any interest payment date	<u>1,400,000</u>	<u>0</u>		<u>1,400,000</u>	<u>0</u>
Total Bonds and Notes	<u>36,703,194</u>	<u>0</u>	<u>(2,911,154)</u>	<u>33,792,040</u>	<u>2,654,736</u>
Self-Insurance Claim Liability	<u>2,598,882</u>	<u>1,568,656</u>	<u>(1,561,233)</u>	<u>2,606,305</u>	<u>1,000,000</u>
Compensated absences	<u>5,415,455</u>	<u>4,955,636</u>	<u>(4,653,803)</u>	<u>5,717,288</u>	<u>4,653,803</u>
Total Governmental Activities	<u>44,717,531</u>	<u>6,624,292</u>	<u>(9,126,190)</u>	<u>42,115,633</u>	<u>8,308,539</u>
Total Long Term Debt	<u>\$ 61,665,031</u>	<u>\$41,524,292</u>	<u>\$(38,971,190)</u>	<u>\$64,218,133</u>	<u>\$30,157,539</u>

The 2005 Delinquent Tax Notes were issued in the form of a short-term financing investment much like commercial paper. This short-term financing instrument allows the County to obtain a more favorable taxable interest rate. The short-term Delinquent Tax Notes in the amount of \$21,795,000 are classified as a current liability since they roll over on a short-term basis.

Genesee County lends its full faith and credit for bond issues that are repaid through special assessments. The County is not obligated in any manner for special assessment debt. The amount of special assessment debt is detailed within the notes for the Component Unit under which the projects originated.

Delinquent property taxes receivable are pledged as collateral for the repayment of the outstanding delinquent tax notes – (See Note H).

Typically, the General Fund and all Special Revenue Funds liquidate liability for compensated absences.

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

EXHIBIT A-13

The annual requirements to pay principal and interest on the obligations outstanding at September 30, 2006 are as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006/2007	\$ 2,654,737	\$ 1,476,906	\$21,849,000	\$ 14,618
2007/2008	3,474,122	1,365,447	36,000	12,215
2008/2009	3,474,712	1,252,151	39,000	10,577
2009/2010	4,229,500	1,109,096	40,500	8,763
2011/2015	8,802,000	4,045,518	138,000	18,540
2016/2020	8,585,000	1,840,852	0	0
2021/2025	1,560,000	442,593	0	0
2026/2030	500,000	235,125	0	0
2031/2035	515,000	75,425	0	0
TOTALS	<u>\$33,795,071</u>	<u>\$11,843,113</u>	<u>\$22,102,500</u>	<u>\$64,713</u>

By statute, the County general obligation debt is restricted to 10% of the equalized value of all property in the County. Certain obligations, such as special assessment notes, are not subject to this limitation. At September 30, 2006, the County's debt limit amounted to \$1,369,581,737 and indebtedness subject to the limitation aggregated \$101,735,814.

NOTE F – CONTINGENCIES, CLAIMS, RISK MANAGEMENT, AND LITIGATION

There are various legal actions pending against the County. Due to the inconclusive nature of these actions, it is not possible for Corporation Counsel to determine in the aggregate either the probable outcome of these actions or a reasonable estimate of the County's ultimate liability, if any.

The County is totally self-insured for workers' compensation for all losses, up to \$500,000 each occurrence, and self-insured for property and liability insurance claims up to \$50,000 and \$500,000, respectively, for specific losses. The County is insured for the amount of claims in excess of such limitation to a maximum of replacement cost for property and \$20,000,000 for liability claims. The County is self-insured for claims in excess of these insurance coverages. The County is also self-insured for the first \$50,000 of catastrophic coverage for auto physical damage per location.

The County paid losses within its self-insured retention through an Internal Service Fund. Net assets for this fund as of September 30, 2006 was \$6,207,814 with \$2,606,305 accrued as a liability for incurred losses and expenses. An actuarial study projected a required reserve of \$2.6 million for 2006. The County's Risk Manager provides employee accident prevention training and various risk control techniques through a continuing education program. There were no reductions in reinsurance coverages or settlements in excess of insurance coverages over the past three years.

A reconciliation of the claims liability for the years ended September 30, 2006 and 2005 is as follows:

	<u>Year Ended 9/30/06</u>	<u>Year Ended 9/30/05</u>
Claims Liability (beginning of year)	\$2,598,882	\$2,573,335
Claims incurred during the period	1,568,656	1,562,141
Changes in estimate for claims of prior periods	(210,154)	(581,584)
Payments on claims	<u>(1,351,079)</u>	<u>(955,010)</u>
Claims liability (end of year)	<u>\$2,606,305</u>	<u>\$2,598,882</u>

Several complaints for alleged discriminatory employment practices have also been filed against the County.

A portion of the fund balance of the General Fund has been designated to provide for a possible loss resulting from the unfavorable outcome of any claims and litigation. See Note G, which follows.

NOTE G – GENERAL FUND AND CAPITAL PROJECTS RESERVES, DESIGNATIONS, AND DEFICITS

The County receives funds from various federal and state units to finance specific grants. The final determination of revenue amounts is subject to audit by the responsible agencies. Grant fund balance deficits, to the extent not liquidated by future operations, will be absorbed by the General Fund. Additionally, the County is a defendant in numerous legal actions of which Corporation Counsel is not able to provide information as to the probable outcome and extent of potential liability, if any. As a result of these and other matters discussed in Note F, above, the County has established a designation of fund balance in the General Fund in the amount of \$2,500,000 to provide for any audit adjustments of grant revenues, grant fund balance deficits and possible losses resulting from other contingencies, claims, and litigation.

The fund balance of the General Fund has also been reserved for long-term advances to other County units and funds in the amount of \$500,000.

NOTE H – PROPERTY TAXES

The County property tax is levied each December 1 on the assessed valuation of property located in the County as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next February following. Assessed values are established annually by the County and are equalized by the State at an estimated 50% of current market value. Real property in Genesee County for the 2006 levy was assessed at \$12,819,784,748 and equalized at \$12,819,784,748 representing 50% of estimated current market value. The County operating tax rate is currently 5.51 mills with an additional .48 mills voted each for parks and paramedics.

By agreement with various taxing authorities, the County purchases at face value the real property taxes receivable returned delinquent each March 1. These receivables (\$28,052,255 at September 30, 2006) are pledged to a bank for payment of notes payable, the proceeds of which were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables and to provide funds for current operations. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to extinguish the debt.

NOTE I – RETIREMENT PLANS

DEFINED BENEFIT PLAN - -

PLAN DESCRIPTION AND PROVISIONS

The County administers a contributory agent multi-employer defined benefit pension plan known as the Genesee County Employees Retirement System (GCERS). The plan is included as a pension trust fund in the County's Comprehensive Annual Financial Report. GCERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the system as a whole. This report can be obtained from the Retirement Coordinator at the County's administrative offices, located at 1101 Beach Street, Flint, MI 48502.

GCERS was organized pursuant to Section 12a of Act #156, State of Michigan Public Acts of 1851 (MSA 5.33(1); MCLA 46.12a) as amended. GCERS was established by ordinance in 1946, beginning with General County employees and the County Road Commission, Genesee County Water and Waste Services joined the system in 1956, Genesee County Community Mental Health joined in 1966, the City of Mt. Morris in 1969, and the Genesee District Library in 1980. The GCERS is regulated under the Genesee County Employees' Retirement System Ordinance, the sections of which have been approved by the State of Michigan Pension Commission.

The plan provides for vesting of benefits after 8 years of service. Generally, participants may elect normal retirement with 20 to 25 years of credited service, regardless of age; or at age 60 with 8 or more years of credited service. Retirement benefits vary by employer group, and are payable monthly. Generally, the retirement benefit is equal to the employee's final average compensation times the sum of 2.5% for each year of credited service. All employers allow members to elect a deferred annuity providing a lifetime benefit. The length of service required to elect the deferred annuity is either 8 or 15 years, depending on the date of employment and employer group.

Membership in the plan at December 31, 2005 the date of the latest actuarial valuation was comprised of 1,399 active plan members, 104 inactive vested members and 1,377 retirees and beneficiaries.

FUNDING POLICY

The Plan provides that participating employers and employees contribute amounts necessary to fund the actuarially determined benefits. Employees immediately become members of GCERS and are required to deposit from .5% to 6.50% of all compensation, including overtime. Deposits are accumulated in individual accounts for each member remaining in service. Upon termination, a member may withdraw the accumulated employee contributions plus any interest credited to his or her account.

The County forwarded \$2,145,417 of pension contributions withheld from employees during the plan year ended December 31, 2005. During 2005 employer contribution rates ranged from 0% to 10.95% of covered payroll.

ACTUARIAL ASSUMPTIONS

Valuation date	December 31, 2005
Actuarial cost method	Individual Entry Age
Amortization method	Level percent-of-payroll
Remaining amortization period	10 years open
Asset valuation method	4 year smoothed market
Investment rate of return	8.00%
Projected salary increases	5.00% to 9.03%
Includes inflation at	5.00%
Post retirement adjustments	Yes, depending on employer group

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

EXHIBIT A-13

ANNUAL PENSION COST

The annual pension cost (APC), percentage of APC contributed, and net pension obligation (NPO), for the plan years ended December 31, 2005, 2004, and 2003, are summarized as follows:

Plan Year End	Actuarial Valuation Date	Annual Pension Costs (APC)	% of APC Contributed	Net Pension Obligation (Asset)
12/31/03	12/31/01	6,448,412	100.0 %	0
12/31/04	12/31/02	9,088,458	100.0 %	0
12/31/05	12/31/03	10,787,720	100.0 %	0

The Plan's Schedule of Funding Progress can be found in the Required Supplementary Information section.

DEFINED CONTRIBUTION PLAN - -

The County offers a defined contribution pension plan as an alternative to the defined benefit pension plan. The International City Managers Association (ICMA) Retirement Corporation administers the plan, and the County Board of Commissioners has authority over plan provisions and contribution requirements. All employees are eligible to participate in this plan, if not participating in the Defined Benefit Plan. The County is required to contribute 10% of eligible employees' annual covered payroll, and employees are required to contribute between 3% and 7% of covered payroll. Employees are vested after 5 years of service. During the year ended September 30, 2006, employer and employee contributions to the plan were \$2,828,389 and \$1,442,119, respectively.

HEALTH BENEFITS PLAN AND TRUST - -

The County established the County of Genesee Retiree Employees' Fringe Benefit Plan and Trust for the purpose of providing health insurance benefits adopted by the County or approved by collecting bargaining agreements for retirees eligible to receive retirement benefits from the County of Genesee Employee's Retirement System. The plan is constituted a "voluntary employee's beneficiary association" (VEBA) under section 501 (c)(9) of the Internal Revenue Code of 1986. Beginning in 2006 and 2007, all full-time permanent employees were required to contribute 1% of their pre-tax compensation. Net assets available for benefits reported at fair value were \$22,519,493 at year end. During 2006, no benefits were paid.

OTHER POST-RETIREMENT BENEFITS - -

The employers that participate in the GCERS may provide health care and life insurance benefits to their employees through Genesee County. These benefits are funded through employer contributions to the County's General Fund, and are determined on a "pay as you go" basis and are not pre-funded. The total amount of post retirement benefits paid and expended for the year ended September 30, 2006 was \$10,655,030. Other post-retirement benefits have been negotiated for union employees through union contracts, and for non-union employees authorized by each entity's respective governing body.

Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending September 30, 2008. Management is currently assessing the impact of this new accounting standard on the County's financial statement for future reporting periods.

NOTE J - LEASES

The County is party to numerous operating leases, aggregate rental expenses which was approximately \$235,811 during the year ended September 30, 2006, exclusive of the amount paid to a related organization described below. Minimum future rental payments under existing leases are not significant.

The Genesee County Community Mental Health Services is committed under various leases for building and office space and vehicles. These leases are considered for accounting purposes to be operating leases and contain renewal options of two to three years. Rental expenditures for the year ended September 30, 2006 are \$541,704.

NOTE K – INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund Receivable and Payables:

Government Funds:

General Fund:

County Health		\$ 3,119,198
Proprietary	\$ 1,183,991	696,971
Non-major Governmental	2,931,677	1,741,866
Debt	116,955	
Capital	70,540	
Internal Service.....	<u>3,098,594</u>	<u>3,211,472</u>
Total General Fund	<u>7,401,757</u>	<u>8,769,507</u>

County Health:

General Fund	3,119,198	
Internal Service.....	<u>467</u>	<u>378,867</u>
Total County Health	<u>3,119,665</u>	<u>378,867</u>

Genesee County Community Action Resource Department:

Internal Service.....		<u>145,708</u>
Total Genesee County Community Action Resource Department ..		<u>145,708</u>

Non-major Special Revenue Funds:

General Fund	1,741,866	2,931,677
Proprietary		18,800
Non-major Special Revenue	282,300	282,300
Internal Service.....		<u>651,898</u>
Total Non-major Special Revenue Funds	<u>2,024,166</u>	<u>3,884,675</u>

Debt:

General Fund		<u>116,955</u>
Total Debt Service		<u>116,955</u>

Capital Project:

General Fund		70,540
Proprietary		<u>465,119</u>
Total Capital Project Funds....		<u>535,659</u>
Total Governmental Funds ..	<u>12,545,588</u>	<u>13,831,371</u>

Proprietary:

Delinquent Tax:

General Fund	696,971	1,183,991
Non-major Special Revenue	18,800	
Capital Project	<u>465,119</u>	
Total Delinquent Tax.....	<u>1,180,890</u>	<u>1,183,991</u>
Total Business Type Activity	<u>1,180,890</u>	<u>1,183,991</u>

Internal Service Funds:

General Fund	3,211,472	3,098,594
County Health	<u>378,867</u>	<u>467</u>
Genesee Community Action Resource Department	145,708	
Non-major Governmental	651,898	
Internal Service.....	<u>2,040</u>	<u>2,040</u>
Total Internal Service Funds ..	<u>4,389,985</u>	<u>3,101,101</u>
Total Interfund Receivables/Payables	<u>\$18,116,463</u>	<u>\$18,116,463</u>

Due to/from primary government and component units:

Component unit Brownfield Authority	\$ 1,110	
Component unit Land Bank Authority		\$1,689,357
Primary government Capital Projects	225,522	
Primary government Delinquent Taxes	1,463,835	
Primary government - Non-major special revenue	<u>0</u>	<u>1,110</u>
Total Primary Government and Component Unit Interfund Receivables/Payables	<u>\$ 1,690,467</u>	<u>\$1,690,467</u>

Note—The interfund receivables/payables exist due to the fact that the County uses a pooled cash management account for substantially all funds.

Long-term Advances:

Primary Government-General Fund	<u>\$ 500,000</u>	
Component unit – Drains		<u>\$ 500,000</u>

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

EXHIBIT A-13

Interfund Transfers In/Out:

	<u>Transfers IN</u>	<u>Transfers OUT</u>
Major Funds:		
General:		
Mental Health		2,718,738
County Health	1,900,000	7,865,190
GCCARD		130,000
Revenue Sharing	8,947,994	
Proprietary	4,299,644	72
Non-major Special Revenue	221,689	16,558,015
Debt		2,822,680
Internal	<u>309,600</u>	<u>155,479</u>
Total General Fund	<u>15,678,927</u>	<u>30,250,174</u>
Mental Health:		
County Health	311,205	
General	<u>2,718,738</u>	
Total Mental Health	<u>3,029,943</u>	
County Health:		
General	7,865,190	1,900,000
Mental Health		311,205
Debt		<u>228,456</u>
Total County Health	<u>7,865,190</u>	<u>2,439,661</u>
Genesee County Community Action Resource Department (GCCARD)		
General	130,000	
Debt		<u>141,473</u>
Total GCCARD	<u>130,000</u>	<u>141,473</u>
Revenue Sharing:		
General		<u>8,947,994</u>
Total Revenue Sharing		<u>8,947,994</u>
Non-major Special Revenue:		
General	16,558,015	221,689
Proprietary	4,569	350,000
Debt		106,489
Non-major Special Revenue	400,197	400,197
Internal		<u>378,500</u>
Total Non-major Governmental Funds	<u>16,962,781</u>	<u>1,456,875</u>
Debt:		
General	2,822,680	
County Health	228,456	
GCCARD	141,473	
Non-major Special Revenue	106,489	
Capital Project	<u>267,912</u>	<u>53,606</u>
Total Debt Service Funds	<u>3,567,010</u>	<u>53,606</u>
Capital Project:		
Proprietary		26,607
Capital Project	117,470	117,470
Debt	<u>53,606</u>	<u>267,912</u>
Total Capital Projects Funds	<u>171,076</u>	<u>411,989</u>
Total Governmental Funds	<u>47,404,927</u>	<u>43,701,772</u>
Proprietary:		
General	72	4,299,644
Non-major Special Revenue	350,000	4,569
Capital Project	26,607	
Internal		<u>1,331,887</u>
Total Proprietary Funds	<u>376,679</u>	<u>5,636,100</u>

Internal Services:		
General	155,479	309,600
Proprietary	1,331,887	
Non-major Special Revenue	378,500	
Total Internal Service Funds	<u>1,865,866</u>	<u>309,600</u>
Total Transfers In/Out	<u>\$49,647,472</u>	<u>\$49,647,472</u>
Interfund Transfers In/Out primary government and component units:		
Component Unit – Land Bank Authority	959,555	
Primary government – Proprietary		\$ 959,555
Total Primary Government and Component Unit Interfund Transfers In/Out	<u>\$ 959,555</u>	<u>\$ 959,555</u>

Transfers between funds were primarily for operating purposes. Other transfers were made to close funds.

NOTE L-EXCESSES OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations in individual funds are presented below:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund	
Board of Commissioners	\$ 4,833
Circuit Court	12,515
District Court	23,239
Friend of the Court	1,143
Road Patrol	35,126
Community Mental Health	96,694
Other	1,045,489
Postretirement Benefits	106,388
Law Enforcement Funds	157,732
Internal Service	155,479
Community Mental Health	5,505,495
Other Governmental Funds	
Accommodation Ordinance Tax	194,071
Administration of Justice	146,423
Community Enrichment and Development	180,853
Drug Forfeitures	357,276
Law Enforcement	671,081
Paramedics	355,513
Parks and Recreation	2,396,133
Township Police Support Services	69,180

NOTE M-COMPONENT UNIT DISCLOSURES

Deposits and investments:

All of the County's component units deposits and investments are governed by the following:

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The County's component units are allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States bank; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Road Commission has designated two banks for the deposit of funds. The investment policy adopted by the Board of each component unit are in accordance with Public Act 196 of 1997. All component unit deposits and investment policies are in accordance with statutory authority.

The cash and investments of component units are subject to the same types of risks as detailed in Note C. These risks are examined in more detail below:

Custodial credit risk of bank deposits-None of the component units have a deposit policy for custodial credit risk. At year end, the Road Commission had \$36,495,665 of bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Economic Development Corporation had \$50,525 of bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Water and Waste Services Division had \$8,071,627 of bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Drain Commission had \$3,355,456 of bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Land Bank Authority had \$92,455 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. At year end, the Brownfield Authority had \$62,717 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

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Custodial credit risk of investments- At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Commission's name.

Road Commission:

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. gov or agency bond or notes (sweep)	\$11,973,499	Counterparty

Water and Waste Services:

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
Commercial paper	\$13,533,462	Counterparty's trust dept

Interest rate risk- Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Commission's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, the average maturities of investments are as follows:

Road Commission:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than one year</u>
Sweep account	\$11,518,589	\$11,518,589
Michigan Governmental MMF	454,910	454,910

Water and Waste Services:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than one year</u>
U.S. gov or agency bond or notes (sweep)	\$ 2,999,314	\$ 2,999,314
Commercial paper	13,533,462	13,533,462

Economic Development Corporation:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than one year</u>
Sweep account	\$345,390	\$345,390

Credit risk-State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Water and Waste Services:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Commercial paper	\$10,551,242	A-1	S&P
Commercial paper	1,993,342	A-1+	S&P
Commercial paper	998,878	P-1	Moody's

Concentration of credit risk-The Water and Waste Services Commission places no limit on the amount the Commission may invest in any one issuer. More than 5 percent of the Commission's investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage</u>
Citigroup	\$4,981,584	30.1%
General electric credit	3,000,000	18.2
U.S. governmental security	2,999,314	18.1
American express	2,563,000	15.5
Prudential	2,000,000	12.1
AIG funding	988,878	6.0

Long-Term Debt: The long term debt for the Genesee County Road Commission is presented below:

	<u>General Obligations Bonds & Notes</u>	<u>Capital Lease Obligation</u>	<u>Other</u>	<u>Total</u>
Long-term debt payable at September 30, 2004	\$3,330,000	\$ 433,403	\$ 2,214	\$3,765,617
New Debt:				
Notes Issued				
Lease		9,528		9,528
Bonds and Notes Retired	(945,000)			(945,000)
Lease Payments		(66,451)	(2,214)	(68,665)
Long-term debt payable at September 30, 2005	<u>\$2,385,000</u>	<u>\$376,480</u>	<u>\$ 0</u>	<u>\$2,761,480</u>

The outstanding bonds and notes payable at September 30, 2006, and matured interest thereon, are payable to the state of Michigan from the proceeds of state-collected taxes returned to the Road Commission as Act 51 monies. In the case of default, the state treasurer is authorized to withhold future disbursements of Act 51 monies due the Road Commission until the defaulted payments are recovered by the state.

For certain outstanding notes, special assessments have also been levied on specific properties abutting certain road improvements. The collection of the assessments has been pledged as additional security for the payment of the bonds.

The detail of general obligation bonds and loans payable is shown below:

<u>Obligation Payables</u>	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Annual Principal Payment or Range</u>	<u>Outstanding Balance Sept. 30, 2005</u>	<u>Due Within One Year</u>
Michigan Transportation Fund notes:					
1997 Issue	August 1, 2007	4.85	75,000	75,000	75,000
1998 Issue	August 1, 2008	3.8	445,000	890,000	445,000
1999 Issue	August 1, 2009	4.85-5.0	75,000	225,000	75,000
2000 Issue	August 1, 2010	4.6-4.8	105,000	420,000	105,000
2001 Issue	August 1, 2011	3.75-4.2	125,000	625,000	125,000
2002 Issue	August 1, 2012	2.8-3.7	25,000	150,000	25,000
Total Notes				2,385,000	850,000
Capital lease obligation				376,480	70,727
				<u>\$2,761,480</u>	<u>\$920,727</u>

Annual requirements to pay principal and interest on the outstanding obligations at September 30, 2005, are as follows:

	<u>Long-term debt</u>	<u>Capital leases</u>
Year Ended 9-30-2007	\$850,000	\$70,727
9-30-2008	775,000	73,212
9-30-2009	330,000	75,793
9-30-2010	255,000	78,472
Remaining years	175,000	78,276
Amount representing interest	(221,533)	(39,451)
	<u>\$2,385,000</u>	<u>\$376,480</u>

Act 143, Public Acts of State 1943, provides that total bonds and notes outstanding under this act cannot exceed 40% of the sum of the revenues derived from state collected taxes returned to the county for county road purposes for the last preceding five calendar years and not specifically allocated for other purposes. As of September 30, 2006, the Road Commission is within the statutory limit of Act 143.

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

EXHIBIT A-13

Property and Equipment: The following table summarizes the changes in the components of the Road Commission's capital assets:

	Balance As Restated Oct. 1, 2005	Additions	Deletions	Balance Sept. 30, 2006
Capital assets not being depreciated:				
Land and improvements	\$ 478,816	\$	\$	\$ 478,816
Construction in progress ..	1,040,922	2,112,683	1,040,922	2,112,683
Depletable assets	1,210			1,210
Subtotal	1,520,948	2,112,683	1,040,922	2,592,709
Capital assets being depreciated:				
Land improvements	464,932	124,833		589,765
Buildings and improvements	7,816,053	147,631		7,963,684
Equipment:				
Road	19,158,456	1,433,167	1,425,447	19,166,176
Shop	452,123		7,973	444,150
Engineering	102,746			102,746
Yard and Storage	498,964			498,964
Office	1,240,888	69,057	35,840	1,274,105
Lab	13,408			13,408
Total	29,747,570	1,774,688	1,469,260	30,052,998
Infrastructure-Roads	231,069,756	15,778,133		246,847,889
Infrastructure-Bridges	17,589,789	194,196		17,783,985
Subtotal	278,407,115	17,747,017	1,469,260	294,684,872
Less accumulated depreciation for:				
Land improvements	(138,703)	(24,182)		(162,885)
Buildings and improvements	(3,805,141)	(303,760)		(4,108,901)
Equipment:				
Road	(14,628,964)	(1,991,599)	(1,419,248)	(15,201,315)
Shop	(307,305)	(23,408)	(7,973)	(322,740)
Engineering	(85,072)	(3,492)		(88,564)
Yard and storage	(493,890)	(2,255)		(496,145)
Office	(844,372)	(106,658)	(29,019)	(922,011)
Lab	(13,408)			(13,408)
Subtotal	(20,316,855)	(2,455,354)	(1,456,240)	(21,315,969)
Infrastructure-Bridges	(3,357,499)	(321,238)		(3,678,737)
Infrastructure-Roads	(136,738,849)	(8,204,646)		(144,943,495)
Subtotal	(140,096,348)	(8,525,884)		(148,622,232)
Total net capital assets	<u>\$119,514,860</u>	<u>\$8,878,462</u>	<u>\$1,053,942</u>	<u>\$127,339,380</u>

During 2006, the Road Commission complied with the provisions of GASB Statement 34 relative to the retroactive adjustment to capitalize infrastructure back to 1980.

The summary of long-term debt transactions for the Water and Waste Services for the year ended December 31, 2005, is presented below:

	Balance Jan. 1, 2005	Additions (Reductions)	Balance Dec. 31, 2005	Due in One Yr
2.50% to 9.50% Interceptor and treatment facilities	\$33,775,000	\$ 8,371,420		
		(7,440,000)	\$ 34,706,420	\$3,435,000
3.25% to 9.50% District No. 3	40,805,000	12,940,000		
		(14,695,000)	39,050,000	2,315,000
3.70% to 5.60% District No. 7	325,000	(75,000)	250,000	75,000
2.50% to 8.00% Water supply system	42,560,000	(970,000)	41,590,000	1,195,000
	<u>\$117,465,000</u>	<u>\$ (1,868,580)</u>	<u>\$115,596,420</u>	<u>\$7,020,000</u>

The annual requirements to pay principal and interest on the outstanding obligations for Water and Waste Services at December 31, 2005, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 7,020,000	\$ 4,698,900	\$11,718,900
2007	8,670,000	5,911,344	14,581,344
2008	8,383,957	4,585,220	12,969,177
2009	5,930,000	4,208,131	10,138,131
2010	6,210,000	3,996,150	10,206,150
2011-2015.....	29,442,463	15,110,754	44,553,217
2016-2020.....	21,990,000	8,944,838	30,934,838
2021-2025.....	27,950,000	8,063,325	36,013,325
Total	<u>\$115,596,420</u>	<u>\$55,518,662</u>	<u>\$171,115,082</u>

The following is a summary of capital assets for Water and Waste Services at December 31, 2005

	<u>Balance Jan. 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2005</u>
Proprietary fund capital assets				
Enterprise Funds:				
Capital assets not being depreciated:				
Land	\$ 615,854	\$ 187,742	\$	\$ 803,596
Distribution & collections systems		16,294,182		16,294,182
Construction in progress	<u>53,646,356</u>	<u>27,912,757</u>	<u>(17,676,255)</u>	<u>63,882,858</u>
Subtotal.....	<u>54,262,210</u>	<u>44,394,681</u>	<u>(17,676,255)</u>	<u>80,980,636</u>
Capital assets being depreciated:				
Distribution & collections systems	50,986,839	1,432,775		52,419,614
Buildings and equipment	<u>71,314,787</u>	<u>941,280</u>	<u>(238,445)</u>	<u>72,017,622</u>
Subtotal.....	<u>122,301,626</u>	<u>2,374,055</u>	<u>(238,445)</u>	<u>124,437,236</u>
Less accumulated depreciation for:				
Distribution & collections systems	(7,307,601)	(1,052,127)		(8,359,728)
Buildings and equipment	<u>(15,646,222)</u>	<u>(1,023,255)</u>		<u>(16,669,477)</u>
Subtotal.....	<u>(22,953,823)</u>	<u>(2,075,382)</u>	<u>0</u>	<u>(25,029,205)</u>
Net capital assets being depreciated	<u>99,347,803</u>	<u>298,673</u>	<u>(238,445)</u>	<u>99,408,031</u>
Total capital assets – Net of depreciation	<u>153,610,013</u>	<u>44,693,354</u>	<u>(17,914,700)</u>	<u>180,388,667</u>
Internal Service Funds:				
Capital assets not being depreciated –				
Construction in progress	<u>123,952</u>	<u>118,018</u>	<u>0</u>	<u>241,970</u>
Capital assets being depreciated –				
Buildings and equipment	5,717,440	530,846	(54,045)	6,194,241
Less accumulated depreciation –				
Buildings and equipment	<u>(2,899,438)</u>	<u>(507,893)</u>	<u>54,045</u>	<u>(3,353,286)</u>
Net capital assets being depreciated	<u>2,818,002</u>	<u>22,953</u>	<u>0</u>	<u>2,840,955</u>
Total capital assets – Net of depreciation	<u>2,941,954</u>	<u>140,971</u>	<u>0</u>	<u>3,082,925</u>
Total proprietary fund capital assets	<u>\$156,551,967</u>	<u>\$44,834,325</u>	<u>\$(17,914,700)</u>	<u>\$183,471,592</u>

The summary of long-term debt transactions for the Drain funds for the year ended September 30, 2006, is presented below:

	<u>Balance Oct. 1, 2005</u>	<u>Additions (Reductions)</u>	<u>Balance Sept. 30, 2006</u>	<u>Due in One Yr</u>
6.75% to 7.5% Hughes-Twenty Drainage District Bond.....	\$ 120,000	\$ (40,000)	\$ 80,000	\$40,000
5.0% to 5.6% McCollum Avenue Twenty Drain Drainage District Bond	660,000	(120,000)	540,000	125,000
3.69% to 6.85% Genesee County Special Assessment debt with governmental commitment.....	963,858	(348,451)	615,407	260,451
4.0% to 5.0% Genesee County Drainage District #405 Series 1997 Bonds	205,000	(100,000)	105,000	105,000
4.75 to 5.4% Genesee County Drainage District #1610 Series 2000 Bonds	550,000	(50,000)	500,000	50,000
4.0 to 4.25% Genesee County Drainage District #408 Series 2006 Bonds		1,110,000	1,110,000	100,000
	<u>\$2,498,859</u>	<u>\$ 451,549</u>	<u>\$ 2,950,407</u>	<u>\$ 680,451</u>

NOTES TO FINANCIAL STATEMENTS

GENESEE COUNTY

EXHIBIT A-13

The annual requirements to pay principal and interest on the outstanding obligations for the Drain funds at September 30, 2006, are as follows:

2006/2007	\$ 801,210
2007/2008	618,799
2008/2009	477,698
2009/2010	384,145
2010/2011	192,100
2011/2015	781,750
2016-2019	<u>180,200</u>
	3,435,902
Amount representing interest.....	<u>(485,494)</u>
	<u>\$2,950,408</u>

The following is a summary of capital assets for the Drain fund at September 30, 2006:

	<u>Balance Oct. 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2006</u>
Capital assets being depreciated:				
Equipment.....	\$1,301,197			\$ 1,301,197
Infrastructure.....	10,053,324	\$2,727,080		12,780,404
Drain System Retrospective	29,376,026			29,376,026
Capital assets not being depreciated:				
Construction in Progress	<u>115,797</u>	<u>888,250</u>	<u>\$ 107,575</u>	<u>896,472</u>
Subtotal	<u>40,846,344</u>	<u>3,615,330</u>	<u>107,575</u>	<u>44,354,099</u>
Less Allowance for Depreciation ..				
Equipment.....	(776,186)	(97,321)		(873,507)
Infrastructure.....	(1,253,346)	(585,487)		(1,838,833)
Drain System Retrospective	<u>(15,498,143)</u>	<u>(1,170,118)</u>		<u>(16,668,261)</u>
Subtotal	<u>(17,527,675)</u>	<u>(1,852,926)</u>		<u>(19,380,601)</u>
Net capital assets being depreciated	<u>23,202,872</u>	<u>874,154</u>		<u>24,077,026</u>
Total Capital Assets				
Net of depreciation.....	<u>\$23,318,669</u>	<u>\$ 1,762,404</u>	<u>\$ 107,575</u>	<u>\$ 24,973,498</u>

During 2006, the Drain Commission complied with the provisions of GASB Statement 34 relative to the retroactive adjustment to capitalize infrastructure back to 1980.

The summary of long-term debt transactions for the Genesee County Land Bank Authority for the year ended September 30, 2006, is presented below:

	<u>Balance Oct. 1, 2005</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance Sept. 30, 2006</u>	<u>Due In One Yr</u>
Operating capital note payable		\$400,000		\$400,000	
Compensated absences		16,650		16,650	
Vehicle leases.....	<u>\$ 56,815</u>		<u>\$ (10,873)</u>	<u>45,942</u>	<u>\$11,427</u>
Total long-term.....	<u>\$ 56,815</u>	<u>\$416,650</u>	<u>\$ (10,873)</u>	<u>\$ 462,592</u>	<u>\$11,427</u>

The annual requirements to pay principal and interest on the outstanding obligations at September 30, 2006, are as follows:

2006/2007	13,513
2007/2008	13,512
2008/2009	13,511
2010-2011	<u>10,134</u>
	50,670
Amount representing interest.....	<u>(4,728)</u>
	<u>\$45,942</u>

The following is a summary of capital assets for the Genesee County Land Bank Authority at September 30, 2006:

	<u>Balance Oct. 1, 2005</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance Sept. 30, 2006</u>
Capital assets being depreciated:				
Buildings and improvements.....	\$160,431	\$11,277,688	\$16,587	\$11,421,532
Maintenance and equipment	19,855	10,850		30,705
Office equipment.....	36,165	50,968		87,133
Vehicles	68,549			68,549
Subtotal	<u>285,000</u>	<u>11,339,506</u>	<u>16,587</u>	<u>11,607,919</u>
Less Accumulated depreciation:				
Buildings and improvements.....	(28,987)	(234,376)	(3,317)	(260,046)
Maintenance and equipment	(6,517)	(4,514)		(11,031)
Office equipment.....	(8,661)	(15,638)		(24,299)
Vehicles	(6,915)	(13,710)		(20,625)
Subtotal	<u>(51,080)</u>	<u>(268,238)</u>	<u>(3,317)</u>	<u>(316,001)</u>
Total capital assets – Net of depreciation	<u>\$ 233,920</u>	<u>\$11,071,268</u>	<u>\$13,270</u>	<u>\$11,291,918</u>

The summary of long-term debt transactions for the Genesee County Brownfield Authority for the year ended September 30, 2006, is presented below:

	<u>Balance Oct. 1, 2005</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance Sept. 30, 2006</u>	<u>Due In One Yr</u>
3.0% to 5.0% Genesee County Brownfield Authority Series 2005 Tax Increment Bonds, Subject to redemption prior to maturity.....	<u>\$5,000,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000,000</u>	<u>\$0</u>

The annual requirements to pay principal and interest on the outstanding obligations at September 30, 2006, are as follows:

2006/2007	\$ 227,987	(interest only)
2007/2008	227,987	(interest only)
2008/2009	227,987	(interest only)
2010-2011	337,675	
2012-2016	1,682,605	
2017-2021	1,680,691	
2022-2026	1,683,109	
2027-2031	1,669,500	
2032-2035	<u>1,334,752</u>	
	9,072,293	
Amount representing interest.....	<u>(4,072,293)</u>	
	<u>\$5,000,000</u>	

NOTE N-RESTATEMENT OF NET ASSETS

Restatement: Net assets at September 30, 2005, of the governmental wide statements were changed by the provisions of GASB 34, which requires governments with total annual revenues of \$10 million, but less than \$100 million, to implement retroactive reporting of infrastructure capital assets for periods ending after June 15, 2006. The balances at October 1, 2005 were restated to reflect the retroactive adjustments. The following analysis reports the changes:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>Restated Amounts</u>
Net Assets			
Road Commission	<u>\$110,256,250</u>	<u>\$64,626,510</u>	<u>\$174,882,760</u>
Net Assets			
Drains	<u>\$12,243,896</u>	<u>\$13,672,306</u>	<u>\$25,916,202</u>

GENESEE COUNTY EMPLOYEES' RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS-FOR THE YEAR ENDED DECEMBER 31, 2005
REQUIRED SUPPLEMENTARY INFORMATION

GENESEE COUNTY

Exhibit A-14

Plan Year End	Actuarial Valuation Date	Actuarial Value of Assets (a) (000's)	Actuarial Accrued Liability Entry Age (AAL) (b) (000's)	AAL (Funded) Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c) (000's)	UAAL as % of Covered Payroll (b-a)/c)
12/31/05	12/31/05	\$ 412,739	\$ 467,582	\$ 54,842	88.3%	\$ 70,433	77.9%
12/31/04	12/31/04	404,493	458,069	53,576	88.3%	71,274	75.2%
12/31/03	12/31/03	405,218	433,148	27,930	93.6%	70,143	39.8%
12/31/02	12/31/02	414,126	423,009	8,884	97.9%	68,667	12.9%
12/31/01	12/31/01	425,847	403,159	(22,688)	105.6%	65,747	-34.5%
12/31/00	12/31/00	432,631	399,583	(33,048)	108.3%	63,781	-51.8%
12/31/99	12/31/99	418,745	369,606	(49,139)	113.3%	64,378	-76.3%
12/31/98	12/31/98	380,089	343,752	(36,338)	110.6%	62,420	-58.2%
12/31/97	12/31/97	331,952	324,882	(7,070)	102.2%	61,108	-11.6%
12/31/96	12/31/96	317,581	320,076	2,495	99.2%	65,206	3.8%

**SUPPLEMENTARY
INFORMATION
GENERAL AND MAJOR FUNDS**

**SCHEDULE OF REVENUES AND TRANSFERS IN
BUDGET AND ACTUAL -- GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION**

GENESEE COUNTY

Exhibit B-1

Fiscal Year Ended September 30, 2006				
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUE				
TAXES				
Current property taxes.....	\$ 60,503,898	\$ 63,618,785	\$ 57,894,895	\$ (5,723,890)
LICENSES AND PERMITS				
Dog licenses	343,936	333,936	337,633	3,697
Other.....	210,225	69,190	63,746	(5,444)
TOTALS	554,161	403,126	401,379	(1,747)
FINES AND FORFEITURES				
Ordinance fines and costs.....	2,063,602	1,936,500	2,114,554	178,054
Bond forfeitures	234,907	266,865	175,863	(91,002)
TOTALS	2,298,509	2,203,365	2,290,417	87,052
USE OF MONEY AND PROPERTY				
Interest earned	900,000	1,800,000	1,253,515	(546,485)
OTHER INTERGOVERNMENTAL REVENUES				
Probate judges salaries	198,439	198,439	113,334	(85,105)
State liquor tax.....	2,177,454	2,160,880	2,160,880	0
State cigarette tax.....	256,075	272,636	272,636	0
Other.....	4,189,860	3,830,253	3,942,432	112,179
TOTALS	6,821,828	6,462,208	6,489,282	27,074
CHARGES FOR SERVICES				
Animal Shelter	72,000	80,000	79,719	(281)
District Court.....	2,068,350	1,928,071	1,936,793	8,722
Friend of the Court.....			910,119	910,119
Probate Court	183,280	253,440	183,530	(69,910)
Probation fees	394,256	362,756	456,843	94,087
County Treasurer.....	25,250	31,181	21,824	(9,357)
County Clerk	743,849	731,511	1,000,945	269,434
Register of Deeds	4,243,073	3,657,750	3,512,967	(144,783)
Sheriff	1,249,854	1,472,566	1,383,249	(89,317)
Other services	521,512	509,462	418,545	(90,917)
TOTALS	9,501,424	9,026,737	9,904,534	877,797
OTHER REVENUE.....	986,794	2,529,258	2,343,650	(185,608)
TOTAL OPERATING REVENUE	81,566,614	86,043,479	80,577,672	(5,465,807)
TRANSFERS IN				
Enterprise Funds	3,683,943	4,299,644	4,299,644	0
Special Revenue Funds.....	2,114,364	2,384,575	2,121,689	(262,886)
Revenue Sharing.....	8,861,372	8,947,994	8,947,994	0
Internal Service Funds.....	589,210	309,600	309,600	0
TOTAL TRANSFERS IN	15,248,889	15,941,813	15,678,927	(262,886)
	\$ 96,815,503	\$ 101,985,292	\$ 96,256,599	\$ (5,728,693)

NOTE - The budgetary basis is the same as reported by generally accepted accounting principles.

**SCHEDULE OF EXPENDITURES AND APPROPRIATIONS
BUDGET AND ACTUAL -- GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION**

GENESEE COUNTY

Exhibit B-2

	Fiscal Year Ended September 30, 2006			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive Negative
LEGISLATIVE				
Board of Commissioners.....	\$ 1,050,477	\$ 1,013,365	\$ 1,018,198	\$ (4,833)
MANAGEMENT AND PLANNING				
Board Coordinator.....	384,673	434,147	417,077	17,070
Boundary Commission.....	1,200	1,200	640	560
County Clerk.....	2,888,905	2,834,233	2,776,230	58,003
County Treasurer.....	1,916,356	1,656,054	1,636,670	19,384
Drain Commission.....	1,345,139	1,297,802	1,273,256	24,546
Elections Clerk.....	453,332	456,512	438,453	18,059
Equalization.....	1,710,877	1,550,588	1,493,102	57,486
GIS.....	300,694	280,473	273,256	7,217
Register of Deeds.....	968,690	1,030,540	1,001,470	29,070
TOTALS	9,969,866	9,541,549	9,310,154	231,395
ADMINISTRATION OF JUSTICE				
Adult Probation.....	326,171	291,768	285,401	6,367
Circuit Court.....	8,450,046	8,521,956	8,534,471	(12,515)
District Court.....	5,856,861	5,578,734	5,601,973	(23,239)
Friend of the Court.....	0	0	1,143	(1,143)
Jury Board.....	246,640	233,515	229,119	4,396
Probate Court.....	2,434,472	2,420,801	2,369,460	51,341
Prosecutor.....	4,575,588	4,516,739	4,447,415	69,324
Court Services.....	583,760	548,566	531,131	17,435
TOTALS	22,473,538	22,112,079	22,000,113	111,966
LAW ENFORCE/ COMMUNITY PROTECTION				
Road Patrol.....	169,083	269,864	304,990	(35,126)
Office of Emergency Preparedness.....	284,636	281,910	274,419	7,491
Sheriff Administration.....	3,272,844	3,138,026	3,088,893	49,133
Sheriff Marine Division.....	92,266	63,316	60,601	2,715
Detective Division.....	1,011,858	1,333,167	1,262,594	70,573
Sheriff Security.....	15,742,031	18,764,747	18,100,070	664,677
New Paths.....	470,850	470,850	470,850	0
TOTALS	21,043,568	24,321,880	23,562,417	759,463
HUMAN SERVICES				
Community Mental Health.....	934,568	875,000	971,694	(96,694)
Veterans Burial.....	44,246	39,246	33,254	5,992
Veterans Information Center.....	155,753	157,524	153,743	3,781
TOTALS	1,134,567	1,071,770	1,158,691	(86,921)
COMMUNITY ENRICHMENT AND DEVELOPMENT				
Cooperative Extension.....	582,550	565,022	547,661	17,361
GENERAL SUPPORT SERVICES				
Affirmative Action.....	318,308	256,591	230,987	25,604

NOTE - The budgetary basis is the same as the basis required by generally accepted accounting principles.

Fiscal Year Ended September 30, 2006

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
OTHER				
Other.....	\$ 3,088,052	\$ 1,706,934	\$ 2,752,423	\$ (1,045,489)
Postretirement Benefits.....	8,170,000	10,548,642	10,655,030	(106,388)
TOTALS	11,258,052	12,255,576	13,407,453	(1,151,877)
CAPITAL OUTLAY				
Circuit Court.....	0	40,770	0	40,770
Court Services.....	0	10,195	9,402	793
District Court.....	0	126,030	88,008	38,022
Drain Commission.....	0	21,000	13,474	7,526
GIS.....	0	27,050	27,770	(720)
Prosecutor.....	0	50,955	7,139	43,816
Sheriff.....	0	119,868	41,093	78,775
All others.....	0	65,105	17,932	47,173
TOTALS	0	460,973	204,818	256,155
DEBT SERVICE				
Principal.....	0	0	0	0
TOTAL EXPENDITURES	67,830,926	71,598,805	71,440,492	158,313
APPROPRIATIONS				
Special Revenue:				
Administration of Justice Funds.....	3,092,417	3,323,082	3,034,834	288,248
Animal Shelter.....	1,152,956	1,175,656	1,076,705	98,951
Child Care.....	7,759,742	9,732,790	9,732,790	0
Community Action Resource Department.....	130,000	130,000	130,000	0
Community Enrichment and Development Fund	179,755	179,755	141,960	37,795
County Health.....	7,712,420	7,889,720	7,865,190	24,530
Debt Service Funds.....	2,822,680	2,822,680	2,822,680	0
Law Enforcement Funds.....	273,521	248,521	406,253	(157,732)
Medical Examiner.....	1,130,758	1,130,758	1,130,758	0
Mental Health.....	3,593,738	2,718,738	2,718,738	0
Parks and Recreation.....	486,007	486,007	486,007	0
Planning Commission.....	579,195	504,320	504,320	0
Social Services.....	44,388	44,388	44,388	0
TOTALS	28,957,577	30,386,415	30,094,623	291,792
Internal Service:				
Delinquent Taxes.....	0	72	72	0
Administrative Services.....	0	0	57,355	(57,355)
Vehicles and Equipment.....	0	0	2,700	(2,700)
Building and Grounds.....	0	0	95,424	(95,424)
TOTALS	0	72	155,551	(155,479)
TOTAL APPROPRIATIONS	28,957,577	30,386,487	30,250,174	136,313
TOTAL EXPENDITURES AND APPROPRIATIONS	\$ 96,788,503	\$ 101,985,292	\$ 101,690,666	\$ 294,626

**MAJOR SPECIAL REVENUE FUNDS
REQUIRED SUPPLEMENTARY INFORMATION**

GENESEE COUNTY

Exhibit B-3

Fiscal Year Ended September 30, 2006			
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
MENTAL HEALTH			
General Fund appropriation.....	\$ 2,679,590	\$ 3,029,943	\$ 350,353
Use of money and property.....		820,797	820,797
Federal grants.....	3,776,741	3,558,490	(218,251)
State grants.....	22,587,265	23,141,207	553,942
Charges for services.....	80,011,815	82,984,608	2,972,793
Other.....	67,500	702,168	634,668
TOTALS	\$ 109,122,911	\$ 114,237,213	\$ 5,114,302
COUNTY HEALTH			
General Fund appropriation.....	\$ 7,772,301	\$ 7,865,190	\$ 92,889
Licenses and permits.....	699,400	652,705	(46,695)
Federal grants.....	1,714,812	1,826,140	111,328
State grants.....	11,992,311	8,520,951	(3,471,360)
Charges for services.....	977,600	782,984	(194,616)
Other intergovernmental revenue.....	38,400	22,180	(16,220)
Other.....	3,008,803	2,862,761	(146,042)
Other Transfers-In.....	1,577,758		(1,577,758)
TOTALS	\$ 27,781,385	\$ 22,532,911	\$ (5,248,474)
COMMUNITY ACTION RESOURCE DEPARTMENT			
General Fund appropriation.....	\$ 125,550	\$ 130,000	\$ 4,450
Federal grants.....	24,272,370	19,526,165	(4,746,205)
State grants.....	1,295,362	2,681,442	1,386,080
Other.....	5,390,207	8,887,350	3,497,143
TOTALS	\$ 31,083,489	\$ 31,224,957	\$ 141,468
REVENUE SHARING RESERVE			
Taxes.....	\$ 18,563,496	\$ 18,563,496	\$ 0
Use of money and property.....	610,015	610,015	0
TOTALS	\$ 19,173,511	\$ 19,173,511	\$ 0

NOTE - The budgetary basis is the same as the basis required by generally accepted accounting principles.

**SCHEDULE OF EXPENDITURES AND OTHER USES--BUDGET AND ACTUAL--
MAJOR SPECIAL REVENUE FUNDS
REQUIRED SUPPLEMENTARY INFORMATION**

GENESEE COUNTY

Exhibit B-4

Fiscal Year Ended September 30, 2006			
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
MENTAL HEALTH			
Board administration.....	\$ 18,428,062	\$ 16,873,778	\$ 1,554,284
Managed care.....	5,662,135	5,153,924	508,211
Adult services.....	33,625,307	38,440,341	(4,815,034)
Children's services.....	3,583,778	3,540,056	43,722
Developmentally disabled.....	41,892,652	46,104,654	(4,212,002)
Substance abuse services.....	6,582,955	5,167,631	1,415,324
Employee benefits.....	2,228,192	2,228,192	0
Capital outlay.....	125,252	125,252	0
TOTALS	<u>\$ 112,128,333</u>	<u>\$ 117,633,828</u>	<u>\$ (5,505,495)</u>
COUNTY HEALTH			
Personnel services.....	\$ 8,978,793	\$ 7,999,267	\$ 979,526
Fringe benefits.....	4,791,375	3,918,664	872,711
Supplies and services.....	13,614,325	8,740,706	4,873,619
Capital outlay.....	131,775	117,191	14,584
Transfers out.....	2,165,117	2,439,661	(274,544)
TOTALS	<u>\$ 29,681,385</u>	<u>\$ 23,215,489</u>	<u>\$ 6,465,896</u>
COMMUNITY ACTION RESOURCE DEPARTMENT			
Personnel services.....	\$ 10,372,791	\$ 10,003,327	\$ 369,464
Fringe benefits.....	4,838,724	5,032,388	(193,664)
Supplies and services.....	15,672,423	15,585,190	87,233
Capital outlay.....	199,551	315,058	(115,507)
Transfers out.....		141,473	(141,473)
TOTALS	<u>\$ 31,083,489</u>	<u>\$ 31,077,436</u>	<u>\$ 6,053</u>
REVENUE SHARING RESERVE			
Other transfers-out.....	\$ 8,947,994	\$ 8,947,994	\$ 0
TOTALS	<u>\$ 8,947,994</u>	<u>\$ 8,947,994</u>	<u>\$ 0</u>

NOTE - The budgetary basis is the same as the basis required by generally accepted accounting principles.

COMBINING
FUND FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

GENESEE COUNTY

Exhibit C-1

	Special Revenue	Debt Service
Cash and cash equivalents - Note C.....	\$ 7,047,496	
Investments - Note C.....	2,700,000	
Interest and accounts receivable.....	164,487	
Due from other governmental units.....	9,103,933	\$ 116,955
Due from other County funds -- Note K.....	2,024,166	
Due from component unit - Land Bank Authority.....		
Supplies inventory.....	226,476	
Other assets.....	10,177	
TOTAL ASSETS	<u>\$ 21,276,735</u>	<u>\$ 116,955</u>
Accounts Payable.....	\$ 3,103,567	
Accrued payroll.....	860,006	
Other accrued liabilities and deposits.....	937,027	
Due to other governmental units.....	329,964	
Due to other County funds -- Note K.....	3,884,675	\$ 116,955
Due to component unit -- Note K.....	1,110	
Deferred revenue - Note H.....	370,092	
TOTAL LIABILITIES	<u>9,486,441</u>	<u>116,955</u>
Fund balances:		
Unreserved:		
Designated for programs and debt service.....	7,994,759	
Undesignated.....	3,795,535	
TOTAL FUND BALANCES	<u>11,790,294</u>	<u>0</u>
TOTAL LIABILITIES, FUND BALANCE	<u>\$ 21,276,735</u>	<u>\$ 116,955</u>

September 30, 2005

Capital Projects	Total Nonmajor Governmental Funds
\$ 791,802	\$ 7,839,298
245,000	2,945,000
430	164,917
	9,220,888
	2,024,166
225,522	225,522
	226,476
	10,177
<u>\$ 1,262,754</u>	<u>\$ 22,656,444</u>
\$ 976	\$ 3,104,543
	860,006
	937,027
	329,964
535,659	4,537,289
	1,110
	<u>370,092</u>
<u>536,635</u>	<u>10,140,031</u>
475,688	8,470,447
<u>250,431</u>	<u>4,045,966</u>
<u>726,119</u>	<u>12,516,413</u>
<u>\$ 1,262,754</u>	<u>\$ 22,656,444</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--NONMAJOR GOVERNMENTAL FUNDS

GENESEE COUNTY

Exhibit C-2

		Primary Government-	
		Special Revenue	Debt Service
Revenues:			
Taxes--Note H.....	\$	10,382,124	
Licenses and permits.....		184,337	
Fines and forfeitures.....		183,015	
Use of money and property.....		524,320	\$ 553,739
Federal grants--Note G.....		22,725,981	
State grants--Note G.....		20,993,548	
Other intergovernmental revenues.....		1,942,860	
Charges for services.....		4,490,426	
Other.....		1,718,052	
TOTAL REVENUES		63,144,663	553,739
Expenditures:			
Current operations:			
Management and planning.....		2,077,760	
Administration of justice.....		14,092,392	
Law enforcement and community protection.....		10,013,387	
Human services.....		42,066,636	
Community enrichment and development.....		8,586,378	
Other.....		541,104	2,075
Capital outlay.....		989,168	
Debt service--Note E:			
Principal payments.....			2,779,000
Interest.....			1,521,960
TOTAL EXPENDITURES		78,366,825	4,303,035
REVENUES OVER(UNDER) EXPENDITURES		(15,222,162)	(3,749,296)
Other financing sources (uses):			
Transfers in (out):			
Transfers-In.....		16,962,781	3,567,010
Transfers-Out.....		(1,456,875)	(53,606)
TOTAL OTHER FINANCING SOURCES(USES)		15,505,906	3,513,404
NET CHANGE IN FUND BALANCES		283,744	(235,892)
Fund balance at beginning of year.....		11,506,550	235,892
FUND BALANCE AT END OF YEAR	\$	11,790,294	\$ 0

Fiscal Year Ended September 30, 2005		
Capital Projects	Total Nonmajor Governmental Funds	
	\$	10,382,124
		184,337
		183,015
\$ 33,065		1,111,124
		22,725,981
		20,993,548
		1,942,860
		4,490,426
549,313		2,267,365
582,378		64,280,780
		2,077,760
		14,092,392
		10,013,387
		42,066,636
		8,586,378
7,885		551,064
1,075,156		2,064,324
		2,779,000
		1,521,960
1,083,041		83,752,901
(500,663)		(19,472,121)
171,076		20,700,867
(411,989)		(1,922,470)
(240,913)		18,778,397
(741,576)		(693,724)
1,467,695		13,210,137
\$ 726,119	\$	12,516,413

**COMBINING
FINANCIAL STATEMENTS**

NONMAJOR SPECIAL REVENUE FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Accommodations Ordinance Tax - to account for the collection of a five percent hotel room tax and subsequent disbursement of such revenues to the Flint Convention and Tourist Council and the Genesee County Parks and Recreation Department. Board of Commissioners resolution provides for use of such revenues to promote tourism and convention business.

Administration of Justice - to account for programs that provide support to local court activities within Genesee County. Financing is provided through various Federal and State grants and General Fund appropriations.

Animal Shelter - to account for the operations of the County's Animal Shelter facility. Financing is provided through appropriations from General Fund.

Child Care - to account for court ordered expenses for the health and welfare of minor children. Financing is provided by General Fund appropriations and State matching of certain eligible costs.

Community Development - to account for Housing and Urban Development grant awards that are allocated to all local units of government (excluding City of Flint) for projects benefiting low and moderate income persons or projects defined as having an urgent need.

Community Enrichment and Development - to account for small grants providing for activities that support community development. Financing is provided through various Federal and State grants and General Fund appropriations.

Drug Forfeiture - to account for local share of funds received as a result of seizures made in the arrest and prosecution of criminal drug cases in Genesee County.

Law Enforcement - to account for programs designated for the support of local law enforcement efforts in Genesee County. Financing is provided through various Federal and State grants and General Fund appropriations.

Paramedics - to account for the costs of providing advanced emergency medical services. Financing is provided by an annual property tax levy.

Parks and Recreation - to account for the operations and maintenance of County owned parks and facilities, exclusive of Parks & Recreation Enterprise Fund. Financing is provided by General Fund appropriations, an annual property tax levy, and charges for services of operating the parks.

Planning Commission - to account for the planning and information gathering activities undertaken to improve city or county maintained roads, relieve local unemployment, or other related activities which benefit county residents. Financing is provided by State and Federal grants and General Fund appropriations.

Social Services - to account for the costs of providing financial assistance to County residents who cannot meet basic requirements for personal needs, shelter, and medical care. Financing is provided by the Michigan Department of Social Services and General Fund appropriations.

Township Police Support Services - to account for the costs pertaining to township police services performed by the Genesee County Sheriff's Department. Financing is provided primarily by the townships utilizing the service on a cost reimbursement basis.

Medical Examiner - to account for the costs of the medical examiner's office.

Workforce Investment Act Program - to account for federally funded grant programs to provide job training to eligible individuals. Genesee County is the grant recipient for this program which provides services for Genesee and Shiawassee County. The County contracts with a non-profit entity, Career Alliance, to provide services under this program. Career Alliance contracts for all services funded by this program.

COMBINING BALANCE SHEET--NONMAJOR SPECIAL REVENUE FUNDS

GENESEE COUNTY

Exhibit D-1

	Accommodation Ordinance Tax	Administration of Justice	Animal Shelter
ASSETS			
Cash and cash equivalents.....	\$ 369,420		\$ 44,092
Investments.....			
Interest and accounts receivable.....		\$ 991	
Due from other governmental units.....		2,314,858	
Due from other County funds.....			
Supplies inventory.....			
Other assets.....			
TOTAL ASSETS	<u>\$ 369,420</u>	<u>\$ 2,315,849</u>	<u>\$ 44,092</u>
LIABILITIES AND FUND BALANCES			
Accounts payable.....	\$ 276,190	\$ 253,083	\$ 645
Accrued payroll.....		364,325	22,440
Other accrued liabilities and deposits.....		915,087	
Due to other governmental units.....			
Due to other County funds.....	93,230	10,189	
Due to component unit-Brownfield Authority.....			
Deferred revenue.....		19,278	
TOTAL LIABILITIES	<u>369,420</u>	<u>1,561,962</u>	<u>23,085</u>
Fund balances:			
Unreserved:			
Designated for programs.....		753,887	21,007
Undesignated.....			
TOTAL FUND BALANCES	<u>0</u>	<u>753,887</u>	<u>21,007</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 369,420</u>	<u>\$ 2,315,849</u>	<u>\$ 44,092</u>

September 30, 2006

Child Care	Community Development	Community Enrichment and Development	Drug Forfeiture	Law Enforcement	Medical Examiner
\$ 1,311,387	\$ 39,831		\$ 557,766		\$ 153,583
1,334				\$ 36,875	2,880
627,280	546,168	\$ 60,067 1,741,866		917,324	
		1,915		2,752	1,994
<u>\$ 1,940,001</u>	<u>\$ 585,999</u>	<u>\$ 1,803,848</u>	<u>\$ 557,766</u>	<u>\$ 956,951</u>	<u>\$ 158,457</u>
\$ 53,161	\$ 336,973	\$ 71,114	\$ 34,356	\$ 55,160	\$ 155,928
47,166		12,717	7,864	73,317	2,529
	41,007			1,555	
75,466	189,258			507,943	
		1,110			
	18,761		281,990		
<u>175,793</u>	<u>585,999</u>	<u>84,941</u>	<u>324,210</u>	<u>637,975</u>	<u>158,457</u>
1,764,208			233,556	318,976	
		1,718,907			
1,764,208	0	1,718,907	233,556	318,976	0
<u>\$ 1,940,001</u>	<u>\$ 585,999</u>	<u>\$ 1,803,848</u>	<u>\$ 557,766</u>	<u>\$ 956,951</u>	<u>\$ 158,457</u>

(Continued)

COMBINING BALANCE SHEET-NONMAJOR SPECIAL REVENUE FUNDS-CONTINUED

GENESEE COUNTY

Exhibit D-1 Continued

	Paramedics	Parks and Recreation	Planning Commission
ASSETS			
Cash and cash equivalents.....	\$ 4,134,792	\$ 342,900	\$ 41,078
Investments.....		2,700,000	
Interest and accounts receivable.....		58,040	64,367
Due from other governmental units.....		51,000	387,882
Due from other County funds.....		93,230	189,070
Supplies inventory.....		226,476	
Other assets.....			1,800
TOTAL ASSETS	<u>\$ 4,134,792</u>	<u>\$ 3,471,646</u>	<u>\$ 684,197</u>
LIABILITIES AND FUND BALANCES			
Accounts payable.....	\$ 28,416	\$ 342,906	\$ 66,983
Accrued payroll.....	131,143	144,970	
Other accrued liabilities and deposits.....		13,855	6,530
Due to other governmental units.....		21,521	
Due to other County funds.....	385,352	143,812	60,882
Due to component unit-Brownfield Authority.....			
Deferred revenue.....		30,063	20,000
TOTAL LIABILITIES	<u>544,911</u>	<u>697,127</u>	<u>154,395</u>
Fund balances:			
Reserved for inventory.....		226,476	
Unreserved:			
Designated for programs.....	3,589,881	715,707	511,986
Undesignated.....		1,832,336	17,816
TOTAL FUND BALANCES	<u>3,589,881</u>	<u>2,774,519</u>	<u>529,802</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,134,792</u>	<u>\$ 3,471,646</u>	<u>\$ 684,197</u>

September 30, 2006			
Social Services	Township Police Support Services	Workforce Investment Act Program	Total
\$ 52,647			\$ 7,047,496
			2,700,000
			164,487
321,371	\$ 362,358	\$ 3,515,625	9,103,933
			2,024,166
			226,476
	1,716		10,177
<u>\$ 374,018</u>	<u>\$ 364,074</u>	<u>\$ 3,515,625</u>	<u>\$ 21,276,735</u>

\$ 21,467	\$ 9	\$ 1,407,176	\$ 3,103,567
	53,535		860,006
			937,027
267,000		436	329,964
	310,530	2,108,013	3,884,675
			1,110
			370,092
<u>288,467</u>	<u>364,074</u>	<u>3,515,625</u>	<u>9,486,441</u>
			226,476
85,551			7,994,759
			3,569,059
<u>85,551</u>	<u>0</u>	<u>0</u>	<u>11,790,294</u>
<u>\$ 374,018</u>	<u>\$ 364,074</u>	<u>\$ 3,515,625</u>	<u>\$ 21,276,735</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--SPECIAL REVENUE FUNDS

GENESEE COUNTY

Exhibit D-2

	Accommodation Ordinance Tax	Administration of Justice	Animal Shelter
Revenues:			
Taxes.....	\$ 1,204,071		
Licenses and permits.....			
Fines and forfeitures.....			
Use of money and property.....			
Federal grants.....		\$ 332,459	
State grants.....		9,698,541	
Other intergovernmental revenue.....			
Charges for services.....		286,956	
Other.....		607,023	
TOTAL REVENUES	1,204,071	10,924,979	0
Expenditures:			
Current Operations:			
Management and planning.....			
Administration of justice.....		14,092,392	
Law enforcement and community protection.....			1,077,746
Human services.....			
Community enrichment and development.....	903,053		
Other.....			
Capital outlay.....		72,492	25,211
Debt Service:			
Principal Payments.....			
TOTAL EXPENDITURES	903,053	14,164,884	1,102,957
REVENUES OVER (UNDER) EXPENDITURES	301,018	(3,239,905)	(1,102,957)
Other financing sources (uses):			
Transfers in (out):			
Transfers-In.....		3,034,834	1,081,274
Transfers-Out.....	(301,018)	(62,500)	
TOTAL OTHER FINANCING SOURCES (USES)	(301,018)	2,972,334	1,081,274
NET CHANGE IN FUND BALANCES	0	(267,571)	(21,683)
Fund balances at beginning of year.....	0	1,021,458	42,690
FUND BALANCES AT END OF YEAR	\$ 0	\$ 753,887	\$ 21,007

Fiscal Year Ended September 30, 2006

Child Care	Community Development	Community Enrichment and Development	Drug Forfeiture	Law Enforcement	Medical Examiner
				\$ 130,708	
			\$ 183,015		
\$ 94,426	\$ 3,470,144	\$ 160,823		786,216	
6,060,704		331,826		1,181,788	
		256,075			
891,912		642,077		73,310	\$ 20,370
50,000	194,954	34,346		314,850	4,423
<u>7,097,042</u>	<u>3,665,098</u>	<u>1,425,147</u>	<u>183,015</u>	<u>2,486,872</u>	<u>24,793</u>
			230,480	2,514,029	
16,160,790	3,665,098	1,332,842			1,139,305
		65,894	22,676	429,098	16,246
<u>16,160,790</u>	<u>3,665,098</u>	<u>1,398,736</u>	<u>253,156</u>	<u>2,943,127</u>	<u>1,155,551</u>
<u>(9,063,748)</u>	<u>0</u>	<u>26,411</u>	<u>(70,141)</u>	<u>(456,255)</u>	<u>(1,130,758)</u>
9,732,790		158,699	82,440	406,253	1,130,758
		(175,701)	(104,120)	(30,547)	
<u>9,732,790</u>	<u>0</u>	<u>(17,002)</u>	<u>(21,680)</u>	<u>375,706</u>	<u>1,130,758</u>
669,042	0	9,409	(91,821)	(80,549)	
<u>1,095,166</u>	<u>0</u>	<u>1,709,498</u>	<u>325,377</u>	<u>399,525</u>	
<u>\$ 1,764,208</u>	<u>\$ 0</u>	<u>\$ 1,718,907</u>	<u>\$ 233,556</u>	<u>\$ 318,976</u>	<u>\$ 0</u>

(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES--SPECIAL REVENUE FUNDS -- CONTINUED**

GENESEE COUNTY

Exhibit D-2 Continued

	<u>Paramedics</u>	<u>Parks and Recreation</u>	<u>Planning Commission</u>
Revenues:			
Taxes.....	\$ 4,286,384	\$ 4,891,669	
Licenses and permits.....			\$ 53,629
Fines and forfeitures.....			
Use of money and property.....	217,908	306,412	
Federal grants.....		51,000	521,966
State grants.....			55,932
Other intergovernmental revenue.....			
Charges for services.....		1,677,521	898,280
Other.....		493,949	18,507
TOTAL REVENUES	<u>4,504,292</u>	<u>7,420,551</u>	<u>1,548,314</u>
Expenditures:			
Current Operations:			
Management and planning.....			2,077,760
Administration of justice.....			
Law enforcement and community protection.....	4,505,352		
Human services.....			
Community enrichment and development.....		6,350,483	
Other.....		541,104	
Capital outlay.....	247,868	106,611	2,067
Debt Service:			
Principal Payments.....			
TOTAL EXPENDITURES	<u>4,753,220</u>	<u>6,998,198</u>	<u>2,079,827</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(248,928)</u>	<u>422,353</u>	<u>(531,513)</u>
Other financing sources (uses):			
Transfers in (out):			
Transfers-In.....		787,025	504,320
Transfers-Out.....		(732,989)	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>54,036</u>	<u>454,320</u>
NET CHANGE IN FUND BALANCES	<u>(248,928)</u>	<u>476,389</u>	<u>(77,193)</u>
Fund balances at beginning of year.....	<u>3,838,809</u>	<u>2,298,130</u>	<u>606,995</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,589,881</u>	<u>\$ 2,774,519</u>	<u>\$ 529,802</u>

Fiscal Year Ended September 30, 2006

Social Services	Township Police Support Services	Workforce Investment Act Program	Total
			\$ 10,382,124
			184,337
			183,015
			524,320
		\$ 17,308,947	22,725,981
\$ 1,898,328	\$ 1,686,785	1,766,429	20,993,548
			1,942,860
			4,490,426
			1,718,052
<u>1,898,328</u>	<u>1,686,785</u>	<u>19,075,376</u>	<u>63,144,663</u>
			2,077,760
			14,092,392
	1,685,780		10,013,387
2,026,067		19,075,376	42,066,636
			8,586,378
			541,104
	1,005		989,168
			0
<u>2,026,067</u>	<u>1,686,785</u>	<u>19,075,376</u>	<u>78,366,825</u>
<u>(127,739)</u>	<u>0</u>	<u>0</u>	<u>(15,222,162)</u>
			44,388
			16,962,781
			(1,456,875)
<u>44,388</u>	<u>0</u>	<u>0</u>	<u>15,505,906</u>
			(83,351)
	0	0	283,744
<u>168,902</u>	<u>0</u>	<u>0</u>	<u>11,506,550</u>
<u>\$ 85,551</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,790,294</u>

SCHEDULE OF REVENUES AND OTHER SOURCES--BUDGET AND ACTUAL-- NONMAJOR SPECIAL REVENUE FUNDS

GENESEE COUNTY

Exhibit D-3

Fiscal Year Ended September 30, 2006			
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
ACCOMMODATION ORDINANCE TAX			
Taxes.....	\$ 1,010,000	\$ 1,204,071	\$ 194,071
TOTALS	<u>\$ 1,010,000</u>	<u>\$ 1,204,071</u>	<u>\$ 194,071</u>
ADMINISTRATION OF JUSTICE			
General Fund appropriation.....	\$ 3,179,276	\$ 3,034,834	\$ (144,442)
Federal grants.....	345,861	332,459	(13,402)
State grants.....	9,543,036	9,698,541	155,505
Charges for services.....		286,956	286,956
Other.....	543,627	607,023	63,396
Other intergovernmental revenue.....	11,925		(11,925)
Other Transfers-In.....	18,603		(18,603)
TOTALS	<u>\$ 13,642,328</u>	<u>\$ 13,959,813</u>	<u>\$ 317,485</u>
ANIMAL SHELTER			
General Fund appropriation.....	\$ 1,164,956	\$ 1,076,705	\$ (88,251)
Other Transfers-In.....	4,569	4,569	0
TOTALS	<u>\$ 1,169,525</u>	<u>\$ 1,081,274</u>	<u>\$ (88,251)</u>
CHILD CARE			
General Fund appropriation.....	\$ 9,732,790	\$ 9,732,790	\$ 0
Federal grants.....	60,000	94,426	34,426
State grants.....	6,436,913	6,060,704	(376,209)
Charges for services.....	448,000	891,912	443,912
Other.....	50,000	50,000	0
TOTALS	<u>\$ 16,727,703</u>	<u>\$ 16,829,832</u>	<u>\$ 102,129</u>
COMMUNITY DEVELOPMENT			
Federal grants.....	\$ 3,470,144	\$ 3,470,144	\$ 0
Other.....	194,954	194,954	0
TOTALS	<u>\$ 3,665,098</u>	<u>\$ 3,665,098</u>	<u>\$ 0</u>
COMMUNITY ENRICHMENT AND DEVELOPMENT			
General Fund appropriation.....	\$ 179,755	\$ 141,960	\$ (37,795)
Federal grants.....		160,823	160,823
State grants.....	239,979	331,826	91,847
Charges for services.....	973,850	642,077	(331,773)
Other intergovernmental revenue.....		256,075	256,075
Other.....		34,346	34,346
Other Transfers-In.....		16,739	16,739
TOTALS	<u>\$ 1,393,584</u>	<u>\$ 1,583,846</u>	<u>\$ 190,262</u>
DRUG FORFEITURES			
Fines and forfeitures.....	\$	\$ 183,015	\$ 183,015
Other Transfers-In.....		82,440	82,440
TOTALS	<u>\$ 0</u>	<u>\$ 265,455</u>	<u>\$ 265,455</u>

Fiscal Year Ended September 30, 2006

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
LAW ENFORCEMENT			
General Fund appropriation.....	\$ 182,021	\$ 406,253	\$ 224,232
Licenses and permits.....	257,156	130,708	(126,448)
Federal grants.....	830,833	786,216	(44,617)
State grants.....	781,892	1,181,788	399,896
Charges for services.....	2,860	73,310	70,450
Other.....	107,390	314,850	207,460
Other Transfers-In.....	132,732		(132,732)
TOTALS	<u><u>\$ 2,294,884</u></u>	<u><u>\$ 2,893,125</u></u>	<u><u>\$ 598,241</u></u>
Medical Examiner			
General Fund appropriation.....	\$ 1,154,985	\$ 1,130,758	\$ (24,227)
Other.....	2,400	4,423	2,023
Charges for services.....	22,600	20,370	(2,230)
TOTALS	<u><u>\$ 1,179,985</u></u>	<u><u>\$ 1,155,551</u></u>	<u><u>\$ (24,434)</u></u>
PARAMEDICS			
Taxes.....	\$ 4,397,707	\$ 4,286,384	\$ (111,323)
Use of money and property.....		217,908	217,908
TOTALS	<u><u>\$ 4,397,707</u></u>	<u><u>\$ 4,504,292</u></u>	<u><u>\$ 106,585</u></u>
PARKS AND RECREATION			
General Fund appropriation.....	\$ 486,037	\$ 486,007	\$ (30)
Taxes.....	5,095,527	4,891,669	(203,858)
Use of money and property.....	189,000	306,412	117,412
Federal grants.....		51,000	51,000
Other Transfers-In.....		301,018	301,018
Charges for services.....	203,200	1,677,521	1,474,321
Other.....	56,000	493,949	437,949
TOTALS	<u><u>\$ 6,029,764</u></u>	<u><u>\$ 8,207,576</u></u>	<u><u>\$ 2,177,812</u></u>
PLANNING COMMISSION			
General Fund appropriation.....	\$ 504,320	\$ 504,320	\$ 0
Licenses and permits.....		53,629	53,629
Federal grants.....	869,042	521,966	(347,076)
State grants.....	73,423	55,932	(17,491)
Charges for services.....	1,199,730	898,280	(301,450)
Other.....	20,000	18,507	(1,493)
TOTALS	<u><u>\$ 2,666,515</u></u>	<u><u>\$ 2,052,634</u></u>	<u><u>\$ (613,881)</u></u>
SOCIAL SERVICES			
General Fund appropriation.....	\$ 44,388	\$ 44,388	\$ 0
State grants.....	1,898,328	1,898,328	0
TOTALS	<u><u>\$ 1,942,716</u></u>	<u><u>\$ 1,942,716</u></u>	<u><u>\$ 0</u></u>
TOWNSHIP POLICE SUPPORT SERVICES			
Other intergovernmental revenue.....	\$ 1,617,605	\$ 1,686,785	\$ 69,180
TOTALS	<u><u>\$ 1,617,605</u></u>	<u><u>\$ 1,686,785</u></u>	<u><u>\$ 69,180</u></u>
WORKFORCE INVESTMENT ACT PROGRAM			
Federal grants.....	\$ 17,308,947	\$ 17,308,947	\$ 0
State grants.....	1,766,429	1,766,429	0
TOTALS	<u><u>\$ 19,075,376</u></u>	<u><u>\$ 19,075,376</u></u>	<u><u>\$ 0</u></u>

SCHEDULE OF EXPENDITURES AND OTHER USES--BUDGET AND ACTUAL-- NONMAJOR SPECIAL REVENUE FUNDS

GENESEE COUNTY

Exhibit D-4

Fiscal Year Ended September 30, 2006			
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
ACCOMMODATION ORDINANCE TAX			
Supplies and services.....	\$ 761,000	\$ 903,053	\$ (142,053)
Transfer to Parks and Recreation.....	249,000	301,018	(52,018)
TOTALS	<u>\$ 1,010,000</u>	<u>\$ 1,204,071</u>	<u>\$ (194,071)</u>
ADMINISTRATION OF JUSTICE			
Personnel services.....	\$ 6,859,876	\$ 6,953,488	\$ (93,612)
Fringe benefits.....	3,487,859	3,325,641	162,218
Supplies and services.....	3,099,991	2,438,587	661,404
Other.....	1,770	1,358,075	(1,356,305)
Capital outlay.....	107,323	89,093	18,230
Other transfers-out.....	524,142	62,500	461,642
TOTALS	<u>\$ 14,080,961</u>	<u>\$ 14,227,384</u>	<u>\$ (146,423)</u>
ANIMAL SHELTER			
Personnel services.....	\$ 468,483	\$ 471,358	\$ (2,875)
Fringe benefits.....	278,323	255,267	23,056
Supplies and services.....	418,075	351,121	66,954
Capital outlay.....	4,644	25,211	(20,567)
TOTALS	<u>\$ 1,169,525</u>	<u>\$ 1,102,957</u>	<u>\$ 66,568</u>
CHILD CARE			
Foster care.....	\$ 1,754,274	\$ 1,458,790	\$ 295,484
Private institutional care.....	7,729,052	7,931,983	(202,931)
Juvenile detention center.....	4,002,097	3,326,643	675,454
Training schools.....	3,298,280	3,443,374	(145,094)
TOTALS	<u>\$ 16,783,703</u>	<u>\$ 16,160,790</u>	<u>\$ 622,913</u>
COMMUNITY DEVELOPMENT			
Supplies and services.....	\$ 675,339	\$ 675,339	\$ 0
Program grants.....	2,989,759	2,989,759	0
TOTALS	<u>\$ 3,665,098</u>	<u>\$ 3,665,098</u>	<u>\$ 0</u>
COMMUNITY ENRICHMENT AND DEVELOPMENT			
Personnel services.....	\$ 79,987	\$ 147,122	\$ (67,135)
Fringe benefits.....	42,336	55,649	(13,313)
Supplies and services.....	1,154,411	1,081,671	72,740
Other.....	39,350	48,400	(9,050)
Capital outlay.....	77,500	65,894	11,606
Other transfers-out.....		175,701	(175,701)
TOTALS	<u>\$ 1,393,584</u>	<u>\$ 1,574,437</u>	<u>\$ (180,853)</u>
DRUG FORFEITURES			
Personnel services.....	\$	\$ 134,970	\$ (134,970)
Fringe benefits.....		45,795	(45,795)
Supplies and services.....		49,715	(49,715)
Capital outlay.....		22,676	(22,676)
Other transfers-out.....		104,120	(104,120)
TOTALS	<u>\$ 0</u>	<u>\$ 357,276</u>	<u>\$ (357,276)</u>

(Continued)

Fiscal Year Ended September 30, 2006

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
LAW ENFORCEMENT			
Personnel services.....	\$ 1,005,640	\$ 1,138,381	\$ (132,741)
Fringe benefits.....	455,827	498,285	(42,458)
Supplies and services.....	212,183	755,673	(543,490)
Other.....	121,240	121,690	(450)
Capital outlay.....	493,443	429,098	64,345
Other transfers-out.....	14,260	30,547	(16,287)
TOTALS	<u>\$ 2,302,593</u>	<u>\$ 2,973,674</u>	<u>\$ (671,081)</u>
Medical Examiner			
Personnel services.....	\$ 64,131	\$ 60,450	\$ 3,681
Fringe benefits.....	31,473	29,370	2,103
Supplies and services.....	1,068,131	1,049,485	18,646
Capital outlay.....	16,250	16,246	4
TOTALS	<u>\$ 1,179,985</u>	<u>\$ 1,155,551</u>	<u>\$ 24,434</u>
PARAMEDICS			
Personnel services.....	\$ 2,193,812	\$ 2,436,479	\$ (242,667)
Fringe benefits.....	1,350,726	1,304,764	45,962
Supplies and services.....	607,023	764,109	(157,086)
Capital outlay.....	234,277	247,868	(13,591)
Debt service.....	11,869		11,869
TOTALS	<u>\$ 4,397,707</u>	<u>\$ 4,753,220</u>	<u>\$ (355,513)</u>
PARKS AND RECREATION			
Personnel services.....	\$ 1,985,376	\$ 2,620,601	\$ (635,225)
Fringe benefits.....	734,265	789,564	(55,299)
Supplies and services.....	1,754,356	2,940,316	(1,185,960)
Other.....	646,057	541,106	104,951
Capital outlay.....	215,000	106,611	108,389
Other transfers-out.....		732,989	(732,989)
TOTALS	<u>\$ 5,335,054</u>	<u>\$ 7,731,187</u>	<u>\$ (2,396,133)</u>
PLANNING COMMISSION			
Personnel services.....	\$ 1,070,701	\$ 900,932	\$ 169,769
Fringe benefits.....	867,066	708,876	158,190
Supplies and services.....	674,748	467,952	206,796
Capital outlay.....	4,000	2,067	1,933
Other transfers-out.....	50,000	50,000	0
TOTALS	<u>\$ 2,666,515</u>	<u>\$ 2,129,827</u>	<u>\$ 536,688</u>
SOCIAL SERVICES			
State programs.....	\$ 2,026,067	\$ 2,026,067	\$ 0
Other transfers-out.....	0	0	0
TOTALS	<u>\$ 2,026,067</u>	<u>\$ 2,026,067</u>	<u>\$ 0</u>
TOWNSHIP POLICE SUPPORT SERVICES			
Personnel services.....	\$ 898,674	\$ 978,727	\$ (80,053)
Fringe benefits.....	568,291	569,232	(941)
Supplies and services.....	8,000	4,124	3,876
Other.....	140,140	133,697	6,443
Capital outlay.....	2,500	1,005	1,495
TOTALS	<u>\$ 1,617,605</u>	<u>\$ 1,686,785</u>	<u>\$ (69,180)</u>
WORKFORCE INVESTMENT ACT PROGRAM			
Personnel services.....	\$ 58,699	\$ 58,699	\$ 0
Fringe benefits.....	36,064	36,064	0
Supplies and services.....	18,980,613	18,980,613	0
TOTALS	<u>\$ 19,075,376</u>	<u>\$ 19,075,376</u>	<u>\$ 0</u>

**COMBINING
FINANCIAL STATEMENTS**

DEBT SERVICE FUNDS

DEBT SERVICE FUNDS

Administration Building - To account for residual fund balance resulting after final payment of debt used to construct the County Administration Building under a lease-purchase arrangement with the Genesee County Building Authority.

Burton Clinic - To account for the funding and payment of principal and interest on debt issued to finance the construction of the new Burton Health Center Clinic, under a lease-purchase agreement with the Genesee County Building Authority.

Capital Improvement - To account for the funding and payment of principal and interest on debt issued to finance the rehabilitation of residential structures.

Courthouse Square - To account for the funding and payment of principal and interest on debt issued to finance construction of the new addition and the renovations needed to the Genesee County Courthouse, under a lease-purchase agreement with the Genesee County Building Authority.

GCCARD - To account for the funding and payment of principal and interest on debt issued to finance renovation of Genesee County Community Action Resource Department, under a lease-purchase agreement with the Genesee county Building Authority.

Hughes and Hatcher Center - To account for the funding and payment of principal and interest on debt issued to finance the purchase and renovation of the Hughes and Hatcher Building.

McCree South Facility - To account for the funding and payment of principal and interest on debt issued to finance the purchase and renovation of the former Wards Building under a lease-purchase arrangement with the Genesee County Building Authority.

1998 Refinancing - To account for the debt service related to the Series 1998 General Obligation Bonds issued to advance refund various other bond issues.

COMBINING BALANCE SHEET--DEBT SERVICE FUNDS

GENESEE COUNTY

Exhibit E-1

	Administration Building	Burton Clinic	Capital Improvement	Courthouse Square
ASSETS				
Cash and cash equivalents.....				
Investments.....				
Due from other governmental units.....				
TOTAL ASSETS	\$ 0	\$ 0	\$ 0	\$ 0
LIABILITIES AND FUND BALANCES				
Accounts payable.....				
Due to other funds.....				
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 0
Fund balances:				
Unreserved:				
Designated for programs and debt service.....				
Undesignated.....				
TOTAL FUND BALANCES	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 0	\$ 0	\$ 0	\$ 0

September 30, 2006

GCCARD	Hughes & Hatcher Center	McCree South Facility	1998 Refinancing	Total
		\$ 116,955		\$ 116,955
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 116,955</u>	<u>\$ 0</u>	<u>\$ 116,955</u>
		116,955		\$ 116,955
<u>\$ 0</u>	<u>\$ 0</u>	<u>116,955</u>	<u>\$ 0</u>	<u>116,955</u>
				0
				0
0	0	0	0	0
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 116,955</u>	<u>\$ 0</u>	<u>\$ 116,955</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES--DEBT SERVICE FUNDS**

GENESEE COUNTY

Exhibit E-2

	Administration Building	Burton Clinic	Capital Improvement	Courthouse Square
Revenues:				
Use of money and property.....				
TOTAL REVENUES	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current Operations:				
Other.....		275		775
Debt Service:				
Principal Payments.....		185,000		1,125,000
Interest and Fiscal Charges.....		54,657	133,797	885,538
TOTAL EXPENDITURES	0	239,932	133,797	2,011,313
REVENUES OVER (UNDER) EXPENDITURES	0	(239,932)	(133,797)	(2,011,313)
Transfers in (out):				
Transfers-Out.....	(53,606)			
Transfers-In.....		228,456	133,797	1,926,949
TOTAL OTHER FINANCING SOURCES (USES)	(53,606)	228,456	133,797	1,926,949
NET CHANGE IN FUND BALANCES	(53,606)	(11,476)	0	(84,364)
Fund balances at beginning of year.....	53,606	11,476	0	84,364
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0

Fiscal Year Ended September 30, 2006

GCCARD	Hughes & Hatcher Center	McCree South Facility	1998 Refinancing	Total
		\$ 553,739		\$ 553,739
\$ 0	\$ 0	553,739	\$ 0	553,739
275	225	225	300	2,075
95,000	30,000	980,000	364,000	2,779,000
119,977	113,867	164,000	50,124	1,521,960
215,252	144,092	1,144,225	414,424	4,303,035
(215,252)	(144,092)	(590,486)	(414,424)	(3,749,296)
				(53,606)
141,473	134,115	590,486	411,734	3,567,010
141,473	134,115	590,486	411,734	3,513,404
(73,779)	(9,977)	0	(2,690)	(235,892)
73,779	9,977	0	2,690	235,892
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**COMBINING
FINANCIAL STATEMENTS**

CAPITAL PROJECT FUNDS

CAPITAL PROJECT FUNDS

Capital Improvement - To account for the residual proceeds from various capital projects initiated in prior years.

Courthouse Square - To account for the funding proceeds and project costs related to the renovation and development of the Courthouse Square project.

Fenton Court - To account for the funding proceeds and project costs related to the renovation and development of Court facilities in the City of Fenton.

Hughes & Hatcher - To account for the funding proceeds and project costs related to the renovation and development of the Land Bank facilities.

Jail Site Remediation - To account for the funding proceeds and project costs related to the remedial activities at the contaminated jail site.

Land Reutilization Council - To account for the funding proceeds and project costs related to the rehabilitation of residential structures.

COMBINING BALANCE SHEET--CAPITAL PROJECT FUNDS

GENESEE COUNTY

Exhibit F-1

	Capital Improvement	Courthouse Square	Fenton Court
ASSETS			
Cash and cash equivalents.....	\$ 226,822		\$ 465,119
Investments.....		\$ 245,000	
Interest and accounts receivable.....		430	
Due from component unit - Land Bank Authority.....			
TOTAL ASSETS	<u>\$ 226,822</u>	<u>\$ 245,430</u>	<u>\$ 465,119</u>
LIABILITIES AND FUND BALANCES			
Accounts payable.....			
Due to other County funds.....		\$ 70,540	\$ 465,119
TOTAL LIABILITIES	<u>\$ 0</u>	<u>\$ 70,540</u>	<u>\$ 465,119</u>
Fund balances:			
Unreserved:			
Undesignated.....	226,822		
Designated:			
Courthouse Square Project.....		174,890	
LRC Rehab Project.....			
TOTAL FUND BALANCES	<u>226,822</u>	<u>174,890</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 226,822</u>	<u>\$ 245,430</u>	<u>\$ 465,119</u>

September 30, 2006

Hughes & Hatcher Center	Jail Site Remediation	LRC Rehab	Total
	\$ 24,584	\$ 75,277	\$ 791,802
			245,000
			430
		225,522	225,522
<u>\$ 0</u>	<u>\$ 24,584</u>	<u>\$ 300,799</u>	<u>\$ 1,262,754</u>

	\$ 975	\$ 1	\$ 976
			535,659
<u>\$ 0</u>	<u>975</u>	<u>\$ 1</u>	<u>536,635</u>

	23,609		250,431
			174,890
		300,798	300,798
<u>0</u>	<u>23,609</u>	<u>300,798</u>	<u>726,119</u>
<u>\$ 0</u>	<u>\$ 24,584</u>	<u>\$ 300,799</u>	<u>\$ 1,262,754</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--CAPITAL PROJECT FUNDS

GENESEE COUNTY

Exhibit F-2

	Capital Improvement	Courthouse Square	Fenton Court
Revenues:			
Use of money and property.....		\$ 13,120	
Other.....			
TOTAL REVENUES	\$ 0	\$ 13,120	\$ 0
Expenditures:			
Current Operations:			
Capital outlay.....		117,968	
Other.....			
TOTAL EXPENDITURES	0	117,968	0
REVENUES OVER (UNDER) EXPENDITURES	0	(104,848)	0
Other financing sources (uses):			
Transfers in (out):			
Transfers-In.....			
Transfers-Out.....			
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0
NET CHANGE IN FUND BALANCE	0	(104,848)	0
Fund balance (deficit) at beginning of year.....	226,822	279,738	0
FUND BALANCE AT END OF YEAR	\$ 226,822	\$ 174,890	\$ 0

Fiscal Year Ended September 30, 2006

Hughes & Hatcher	Jail Site Remediation	LRC Rehab	Total
\$ 1,354	\$ 1,180	\$ 17,411	\$ 33,065
143,867		405,446	549,313
<u>\$ 145,221</u>	<u>\$ 1,180</u>	<u>422,857</u>	<u>582,378</u>
97,611	2,039	857,538	1,075,156
664	2,532	4,689	7,885
<u>98,275</u>	<u>4,571</u>	<u>862,227</u>	<u>1,083,041</u>
46,946	(3,391)	(439,370)	(500,663)
117,470	53,606		171,076
	(26,606)	(385,383)	(411,989)
<u>117,470</u>	<u>27,000</u>	<u>(385,383)</u>	<u>(240,913)</u>
164,416	23,609	(824,753)	(741,576)
<u>(164,416)</u>		<u>1,125,551</u>	<u>1,467,695</u>
<u>\$ 0</u>	<u>\$ 23,609</u>	<u>\$ 300,798</u>	<u>\$ 726,119</u>

**COMBINING
FINANCIAL STATEMENTS

NON-MAJOR PROPRIETARY FUNDS**

NON-MAJOR PROPRIETARY FUNDS

Parks and Recreation Enterprise - To account for activities of the campgrounds and railroad. The fund records revenue from the warehouse and sternwheeler activities to cover bond costs.

Commissary Funds - To account for the accumulated profit from the sale of snack foods and small personal items to inmates and others at the Genesee County Jail.

COMBINING BALANCE SHEET -- NONMAJOR PROPRIETARY FUNDS

GENESEE COUNTY

Exhibit G-1

	September 30, 2005		
	Business Type Activities - Non-Major Enterprise Funds		
	Non-Major Parks and Recreation	Non-Major Commissary	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents.....	\$ 276,917	\$ 113,570	\$ 390,487
Investments.....	789,902		789,902
Interest and accounts receivable.....	9,002		9,002
Supplies inventory.....	28,034	18,245	46,279
Prepayments.....	121,931		121,931
TOTAL CURRENT ASSETS	1,225,786	131,815	1,357,601
CAPITAL ASSETS			
Land.....	3,780,603		3,780,603
Buildings and improvements.....	1,181,215		1,181,215
Equipment.....	3,658,336		3,658,336
TOTAL CAPITAL ASSETS	8,620,154	0	8,620,154
Less allowances for depreciation.....	6,653,503		6,653,503
TOTAL CAPITAL ASSETS, NET	1,966,651	0	1,966,651
TOTAL ASSETS	\$ 3,192,437	\$ 131,815	\$ 3,324,252
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable.....	\$ 41,802		\$ 41,802
Accrued payroll.....	24,256		24,256
Other accrued liabilities and deposits.....	57,733		57,733
Current portion of notes/bonds payable.....	54,000		54,000
TOTAL CURRENT LIABILITIES	177,791	0	177,791
LONG-TERM DEBT			
General and workers compensation claim Liability.....			
Notes/bonds payable exclusive of current portion.....	253,500		253,500
TOTAL LONG-TERM DEBT	253,500	0	253,500
TOTAL LIABILITIES	431,291	0	431,291
NET ASSETS:			
Restricted for retirement of delinquent tax notes payable.....			0
Invested in capital assets net of related debt.....	1,659,151		1,659,151
Unrestricted.....	1,101,995	131,815	1,233,810
TOTAL NET ASSETS	2,761,146	131,815	2,892,961
TOTAL LIABILITIES AND NET ASSETS	\$ 3,192,437	\$ 131,815	\$ 3,324,252

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--NONMAJOR PROPRIETARY FUNDS**

GENESEE COUNTY

Exhibit G-2

	Fiscal Year Ended September 30, 2005		
	Business Type Activities - Non-Major Enterprise Funds		
	Non-Major Parks and Recreation	Non-Major Commissary	Total
Operating revenues:			
Charges for sales and services:			
Ticket, permit & concession sales.....	\$ 1,402,855	\$ 467,888	\$ 1,870,743
TOTAL OPERATING REVENUES	<u>1,402,855</u>	<u>467,888</u>	<u>1,870,743</u>
Operating expenses:			
Salaries and fringe benefits.....	840,397		840,397
Supplies and other operating expenses.....	823,531	307,663	1,131,194
Depreciation.....	103,767		103,767
TOTAL OPERATING EXPENSES	<u>1,767,695</u>	<u>307,663</u>	<u>2,075,358</u>
OPERATING INCOME(LOSS)	<u>(364,840)</u>	<u>160,225</u>	<u>(204,615)</u>
Non-operating revenues (expenses):			
Investment earnings.....	25,078	1,820	26,898
Interest expense.....	(18,622)		(18,622)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>6,456</u>	<u>1,820</u>	<u>8,276</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(358,384)</u>	<u>162,045</u>	<u>(196,339)</u>
Transfers-in.....	350,000		350,000
Transfers-out.....		(206,248)	(206,248)
TOTAL TRANSFERS	<u>350,000</u>	<u>(206,248)</u>	<u>143,752</u>
CHANGE IN NET ASSETS	<u>(8,384)</u>	<u>(44,203)</u>	<u>(52,587)</u>
Net assets at beginning of year.....	2,769,530	176,018	2,945,548
NET ASSETS AT END OF YEAR	<u>\$ 2,761,146</u>	<u>\$ 131,815</u>	<u>\$ 2,892,961</u>

**STATEMENT OF CASH FLOWS-
NONMAJOR PROPRIETARY FUNDS**

GENESEE COUNTY

Exhibit G-3

	Fiscal Year Ended September 30, 2005		
	Business Type Activities - Non-Major Enterprise Funds		
	Non-Major Parks and Recreation	Non-Major Commissary	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers.....	\$ 1,402,855	\$ 467,888	\$ 1,870,743
Cash payments to suppliers for goods and services.....	(750,142)	(310,147)	(1,060,289)
Cash payments to employees for services.....	(837,447)		(837,447)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(184,734)	157,741	(26,993)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-in from other funds.....	350,000		350,000
Transfers-out to other funds.....		(206,248)	(206,248)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	350,000	(206,248)	143,752
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets.....	(10,302)		(10,302)
Principal paid on long-term debt.....	(156,000)		(156,000)
Interest paid on long-term debt.....	(12,531)		(12,531)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(178,833)	0	(178,833)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities.....	(37,973)		(37,973)
Proceeds from sale and maturities of investment securities.....		36,294	36,294
Interest and dividends on investments.....	238,486	1,820	240,306
NET CASH PROVIDED BY (USED FOR) IN INVESTING ACTIVITIES	200,513	38,114	238,627
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	186,946	(10,393)	176,553
Cash and cash equivalents at beginning of year.....	89,971	123,963	213,934
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 276,917	\$ 113,570	\$ 390,487
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income(loss).....	\$ (364,840)	\$ 160,225	\$ (204,615)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities:			
Depreciation.....	103,767		103,767
Change in assets and liabilities:			
(Increase) decrease in accounts receivable.....	9,552		9,552
(Increase) decrease in prepaids.....	14,069		14,069
(Increase) decrease in supplies inventory.....	(6,487)	(2,484)	(8,971)
Increase (decrease) in accounts payable and related items.....	56,255		56,255
Increase (decrease) in accrued payroll.....	2,950		2,950
Increase (decrease) in other accrued liabilities and deposits.....			0
Net cash provided by (used for) operating activities.....	\$ (184,734)	\$ 157,741	\$ (26,993)
Noncash investing activities - decrease in fair value of investments.....	-	-	0

**COMBINING
FINANCIAL STATEMENTS**

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

GENESEE COUNTY

ADMINISTRATIVE SERVICES

Central Stores - To account for the cost of office supplies purchased from an outside vendor. These costs are then spread to individual departments at actual costs.

Administrative Copier - To provide centralized financial control over most of the duplicating equipment used outside the Print Shop. Through the Purchasing Agent, efforts are made to ensure that this equipment is efficiently deployed, properly serviced, reasonably priced, and meets, but does not exceed, departmental needs.

Print Shop - To provide low-cost printing to operating departments with high volume printing needs. The Print Shop thus augments the volume copying capability of the Administrative Copier. All other printing needs are scheduled through the Print Shop. Print Shop costs are charged to user departments on a "per job" basis.

Microfilm Division - To provide reasonably priced microfilming service to operating departments in an effort to reduce the pressure on overcrowded storage facilities. Included in the division are various microfilm production and viewing machines plus the requisite staff and supplies for maintaining services to user departments.

Corporation Counsel - To advise the County and its departments on issues of a legal nature. Corporation Counsel is further responsible for advising the Board of Commissioners on the legality of proposed decisions or activities and for insuring the necessary County documents adhere to the prescribed legal formats and standards.

Controller - To prepare and maintain the County budget, the audit and payment of claims for goods and services to outside vendors and to employees, audit records and accounts of County departments, oversee the design and implementation of accounting and financial systems in the County, and other tasks that are assigned by the Board of Commissioners.

Human Resources - To maintain all County personnel records; recruiting, testing and hiring employees; administration of fringe benefit programs; and also conducting classification and compensation surveys. The Human Resources Department negotiates labor contracts with County bargaining units and is responsible for grievance resolution and contract administration.

Purchasing - To authorize all purchase orders of County departments. This includes seeking bids on appropriate items and services, as well as, assisting departments in finding vendors and suppliers of specific items. The Purchasing Agent also administers the county's printing and motor pool departments and is also responsible for the disposal of all used and obsolete items of no further use to the County.

Data Processing - To provide specific services to individual departments within County government and surrounding municipalities. These include processing of County and retirement payroll, child support checks, and supporting financial information, personnel history files, land descriptions, and delinquent and current tax information. The County Data Processing Department prepares tax rolls and tax bills for virtually all surrounding townships and cities. The cost of these services are charged on the basis of programming, central processor, and operator time incurred providing requested services.

Employee Unemployment Benefit Trust Fund - To account for contributions made to the State of Michigan by Genesee County. The contributions will be paid by the State to employees in case of unemployment.

VEHICLES AND EQUIPMENT

Motor Pool - To reduce travel expenses paid to employees who require the use of an automobile while conducting County business. Departments are charged on a per mile basis. Maintenance and gasoline services are also extended to various Government related organizations outside the County structure.

Parks and Recreation Vehicle and Equipment - To account for all activity relating to the operation of the Parks and Recreation motor pool. Other functions of this fund are to purchase, operate, and maintain equipment required for the efficient operation of the Parks and Recreation department.

Telephone Fund - To provide centralized control over all payments made to finance the acquisition of a County owned phone system and payments made to telephone companies. County departments are billed for phone calls made and charges for equipment on a per phone basis.

BUILDING AND GROUNDS

Building and Grounds - To provide for the maintenance and custodial services for all County owned buildings. It is also responsible for care of the grounds, landscape, and greenery around County owned buildings, as well as making all structural changes and facilitating the movement of furniture and fixtures.

SELF FUNDED PROPERTY/CASUALTY PROGRAM

Self Funded Property/Casualty Program - To initiate and oversees loss prevention and loss control activities to reduce losses, and to account for all applicable workers' compensation, auto, property, and liability claims.

COMBINING BALANCE SHEET--INTERNAL SERVICE FUNDS

GENESEE COUNTY

Exhibit H-1

	<u>Administrative Services</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents.....	\$ 199,049
Investments.....	1,299,860
Interest and accounts receivable.....	479
Due from other governmental units.....	
Due from other county funds.....	4,386,711
Supplies inventory.....	10,008
Prepayments.....	5,816
TOTAL CURRENT ASSETS	<u>5,901,923</u>
PROPERTY AND EQUIPMENT	
Land.....	
Buildings and improvements.....	
Equipment.....	12,965,927
TOTAL PROPERTY AND EQUIPMENT	<u>12,965,927</u>
Less allowances for depreciation.....	10,524,629
TOTAL PROPERTY AND EQUIPMENT, NET	<u>2,441,298</u>
TOTAL ASSETS	<u>\$ 8,343,221</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable.....	\$ 701,840
Accrued payroll.....	181,262
Accrued vacation and other employee benefits.....	1,063,485
Due to other county funds.....	
Current portion of notes/bonds payable.....	4,653,803
TOTAL CURRENT LIABILITIES	<u>6,600,390</u>
LONG-TERM DEBT	
General and workers compensation claim liability.....	
Notes/bonds payable exclusive of current portion.....	
TOTAL LONG-TERM DEBT	<u>0</u>
TOTAL LIABILITIES	<u>6,600,390</u>
NET ASSETS	
Reserved for:	
Invested in capital assets, net or related debt.....	2,441,298
Unrestricted (deficit)	(698,467)
TOTAL NET ASSETS	<u>1,742,831</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,343,221</u>

September 30, 2006

Vehicles and Equipment	Building and Grounds	Self Funded Prop./Casualty Program	Total
	\$ 1,636,025	\$ 198,713	\$ 2,033,787
		8,295,516	9,595,376
\$ 1,698	14,636	56,107	72,920
66,066	183,080		249,146
2,954	320		4,389,985
39,718			49,726
		277,849	283,665
110,436	1,834,061	8,828,185	16,674,605
131,033	42,463		173,496
176,430			176,430
10,698,498	1,547,120		25,211,545
11,005,961	1,589,583	0	25,561,471
6,908,532	939,562		18,372,723
4,097,429	650,021	0	7,188,748
\$ 4,207,865	\$ 2,484,082	\$ 8,828,185	\$ 23,863,353
\$ 42,205	\$ 210,281	\$ 7,042	\$ 961,368
7,547	62,967	4,517	256,293
			1,063,485
3,098,594		2,507	3,101,101
	118,736		4,772,539
3,148,346	391,984	14,066	10,154,786
		2,606,305	2,606,305
	135,804		135,804
0	135,804	2,606,305	2,742,109
3,148,346	527,788	2,620,371	12,896,895
4,097,429	395,481		6,934,208
(3,037,910)	1,560,813	6,207,814	4,032,250
1,059,519	1,956,294	6,207,814	10,966,458
\$ 4,207,865	\$ 2,484,082	\$ 8,828,185	\$ 23,863,353

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS--INTERNAL SERVICE FUNDS

GENESEE COUNTY

Exhibit H-2

	<u>Administrative Services</u>
Operating revenues:	
Charges for services.....	\$ 8,075,330
TOTAL OPERATING REVENUES	<u>8,075,330</u>
Operating expenses:	
Salaries and fringe benefits.....	4,937,375
Supplies and other operating expenses.....	2,344,141
Depreciation.....	254,757
TOTAL OPERATING EXPENSES	<u>7,536,273</u>
OPERATING INCOME (LOSS)	<u>539,057</u>
Non-operating revenues (expenses):	
Interest income (loss).....	
Interest expense.....	(90)
Gain (loss) on sale of property and equipment.....	
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(90)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>538,967</u>
Transfers in (out):	
Transfers-in.....	515,542
Transfers-out.....	(309,600)
TOTAL TRANSFERS IN (OUT)	<u>205,942</u>
CHANGE IN NET ASSETS	<u>744,909</u>
Net Assets at beginning of year.....	997,922
NET ASSETS AT END OF YEAR	<u>\$ 1,742,831</u>

Fiscal Year Ended September 30, 2006

Vehicles and Equipment	Building and Grounds	Self Funded Prop./Casualty Program	Total
1,696,561	\$ 4,979,241	\$ 1,994,985	\$ 16,746,117
1,696,561	4,979,241	1,994,985	16,746,117
233,946	2,078,661	104,863	7,354,845
1,304,407	2,647,843	2,838,386	9,134,777
435,969	125,114		815,840
1,974,322	4,851,618	2,943,249	17,305,462
(277,761)	127,623	(948,264)	(559,345)
2,639		323,471	326,110
(19,068)	(16,593)		(35,751)
(812,665)			(812,665)
(829,094)	(16,593)	323,471	(522,306)
(1,106,855)	111,030	(624,793)	(1,081,651)
279,200	1,071,124		1,865,866
			(309,600)
279,200	1,071,124	0	1,556,266
(827,655)	1,182,154	(624,793)	474,615
1,887,174	774,140	6,832,607	10,491,843
1,059,519	\$ 1,956,294	\$ 6,207,814	\$ 10,966,458

COMBINING STATEMENT OF CASH FLOWS- INTERNAL SERVICE FUNDS

GENESEE COUNTY

Exhibit H-3

	<u>Administrative Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers.....	\$ 8,269,279
Cash payments to suppliers for goods and services.....	(2,017,953)
Cash payments to employees for services.....	(5,280,591)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>970,735</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Advances to other governmental units, County units and funds.....	
Repayments from other governmental units, County units and funds.....	(729,961)
Transfers-in from other funds.....	515,542
Transfers-out to other funds.....	(309,600)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>(524,019)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets.....	(128,061)
Principal paid on long-term debt.....	(19,446)
Interest paid on long-term debt.....	(90)
Proceeds from sale of equipment.....	
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(147,597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities.....	(100,070)
Proceeds from sale and maturities of investment securities.....	
Interest and dividends on investments.....	
NET CASH PROVIDED BY (USED FOR) IN INVESTING ACTIVITIES	<u>(100,070)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>199,049</u>
Cash and cash equivalents at beginning of year.....	
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 199,049</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income(loss).....	\$ 539,057
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities:	
Depreciation.....	254,757
Change in assets and liabilities:	
(Increase) decrease in interest and accounts receivable.....	193,949
(Increase) decrease in supplies inventory.....	(89)
(Increase) decrease in prepayment and other current assets.....	(309)
Increase (decrease) in accounts payable and related items.....	326,586
Increase (decrease) in accrued payroll.....	(343,216)
Increase (decrease) in other accrued liabilities and deposits.....	
Net cash provided by (used for) operating activities.....	<u><u>\$ 970,735</u></u>

Fiscal Year Ended September 30, 2006

Vehicle and Equipment	Building and Grounds	Self Funded Prop./Casualty Program	Total
\$ 1,718,102	\$ 4,860,723	\$ 1,994,985	\$ 16,843,089
(1,318,721)	(2,698,310)	(2,860,613)	(8,895,597)
(233,355)	(2,072,128)	(107,650)	(7,693,724)
<u>166,026</u>	<u>90,285</u>	<u>(973,278)</u>	<u>253,768</u>
42,703			42,703
		(3,863)	(733,824)
279,200	1,071,124		1,865,866
			(309,600)
<u>321,903</u>	<u>1,071,124</u>	<u>(3,863)</u>	<u>865,145</u>
(483,864)	(42,194)		(654,119)
	(112,678)		(132,124)
(19,068)	(16,593)		(35,751)
14,062			14,062
<u>(488,870)</u>	<u>(171,465)</u>	<u>0</u>	<u>(807,932)</u>
		(4,028,221)	(4,128,291)
	146,322	4,679,381	4,825,703
941		337,848	338,789
<u>941</u>	<u>146,322</u>	<u>989,008</u>	<u>1,036,201</u>
0	1,136,266	11,867	1,347,182
	499,759	186,846	686,605
<u>\$ 0</u>	<u>\$ 1,636,025</u>	<u>\$ 198,713</u>	<u>\$ 2,033,787</u>
\$ (277,761)	\$ 127,623	\$ (948,264)	\$ (559,345)
435,969	125,114		815,840
21,541	(118,518)		96,972
(5,542)			(5,631)
		(15,280)	(15,589)
(8,772)	(50,467)	(14,370)	252,977
591	6,533	(2,787)	(338,879)
		7,423	7,423
<u>\$ 166,026</u>	<u>\$ 90,285</u>	<u>\$ (973,278)</u>	<u>\$ 253,768</u>

**COMBINING
FINANCIAL STATEMENTS**

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Pension Trust Fund - To account for the contributions to the defined benefit plan that provides for pension and disability benefits for substantially all Genesee County employees.

Employees Qualified Excess Benefit Arrangement Fund - To provide a mechanism for payment of accrued pension benefits that are in excess of the IRS limits on the amounts that can be paid from the Retirement Fund.

Employees Fringe Benefits Fund - To account for funds set aside in previous years and cost savings related to a lower cost Defined Contribution Plan with the intent to accumulate adequate funds to defray part of the cost of retiree medical benefits in future years. This fund was transferred to a VEBA in late 2004 with the intent of using these dollars for the compliance with the new GASB OPEB requirements.

Trust and Agency Funds - To account for the collection and payment of property taxes to other taxing units, and other funds as well as other payments that are held for other funds or governmental entities.

Library Penal Fines Agency - To account for the collection of library penal fines and the distribution to applicable other funds and entities.

**OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS**

GENESEE COUNTY

Exhibit I-1

	<u>Pension</u>
	<u>Pension Trust Fund Retirement 12/31/05</u>
ASSETS	
Cash and cash equivalents.....	\$ 5,117,965
Receivables:	
Other receivables.....	465,702
Accrued interest and dividends.....	735,521
TOTAL RECEIVABLES	<u>1,201,223</u>
Investments at fair value:	
U.S. Government securities.....	15,387,101
Foreign Govts. and Agencies.....	71,473,175
Corporate bonds.....	50,268,851
Common stocks.....	82,504,972
Preferred stocks.....	10,917,454
Mutual funds.....	207,212,266
Real Estate.....	19,914,429
TOTAL INVESTMENTS	<u>457,678,248</u>
TOTAL ASSETS	<u>463,997,436</u>
LIABILITIES	
Refunds payable and other liabilities.....	309,357
Accrued expenses.....	21,283
TOTAL LIABILITIES	<u>330,640</u>
NET ASSETS	
Held in trust for pension benefits and other purposes.....	<u>\$ 463,666,796</u>

September 30, 2006

and Other Employee Benefit Trust Funds

Employees' Qualified Exces Benefit Arrangement (QEBA)	Employees' Fringe Benefit (VEBA)	Total
	\$ 238	\$ 5,118,203
		465,702
\$ 64		735,585
64	0	1,201,287
18,777	297,469	15,703,347
		71,473,175
	12,280,110	62,548,961
	8,483,911	90,988,883
		10,917,454
	1,601,229	208,813,495
		19,914,429
18,777	22,662,719	480,359,744
18,841	22,662,957	486,679,234
	143,464	452,821
		21,283
0	143,464	474,104
\$ 18,841	\$ 22,519,493	\$ 486,205,130

**OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS**

GENESEE COUNTY

Exhibit I-2

	<u>Pension and</u>
	<u>Retirement</u>
	<u>12/31/04</u>
ADDITIONS	
Contributions:	
Employer.....	\$ 10,787,720
Plan members.....	2,145,417
Total contributions	<u>12,933,137</u>
Investment earnings:	
Net increase	
in fair value of investments.....	26,384,710
Interest.....	4,723,468
Dividends.....	1,690,146
Total investment earnings.....	<u>32,798,324</u>
Less investment expense.....	<u>1,735,604</u>
Net investment earnings.....	<u>31,062,720</u>
Total additions.....	<u>43,995,857</u>
DEDUCTIONS	
Benefits.....	27,626,671
Refunds of contributions.....	169,994
Administrative expenses.....	415,778
Transfer to other pensions plans.....	<u>1,370,696</u>
Total deductions.....	<u>29,583,139</u>
Change in net assets.....	<u>14,412,718</u>
Net assets-beginning of the year.....	449,254,078
Net assets- end of the year.....	<u>\$ 463,666,796</u>

Fiscal year ended September 30, 2006

Other Employee Benefit Trust Funds

Employees' Qualified Excess Benefit Arrangement (QEBA)	Employees' Fringe Benefit (VEBA)	Total
\$ 27,565	\$ 3,049,197	\$ 13,864,482
		2,145,417
<u>27,565</u>	<u>3,049,197</u>	<u>16,009,899</u>
64	916,713	27,301,487
		4,723,468
		1,690,146
<u>64</u>	<u>916,713</u>	<u>33,715,101</u>
		1,735,604
<u>64</u>	<u>916,713</u>	<u>31,979,497</u>
<u>27,629</u>	<u>3,965,910</u>	<u>47,989,396</u>
8,788		27,635,459
		169,994
	104,099	519,877
		1,370,696
<u>8,788</u>	<u>104,099</u>	<u>29,696,026</u>
<u>18,841</u>	<u>3,861,811</u>	<u>18,293,370</u>
	<u>18,657,682</u>	<u>467,911,760</u>
<u>\$ 18,841</u>	<u>\$ 22,519,493</u>	<u>\$ 486,205,130</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES TRUST AND AGENCY FUNDS

Exhibit I-3

	<u>Balances</u> <u>October 1, 2005</u>
TRUST AND AGENCY FUNDS	
ASSETS	
Cash and cash equivalents.....	\$ 21,271,960
Accounts receivable.....	689,630
Due from other Governmental Units.....	9,782
	<u>\$ 21,971,372</u>
LIABILITIES	
Accounts Payable.....	\$ 967,928
Deposits.....	21,003,444
	<u>\$ 21,971,372</u>
LIBRARY PENAL FINES	
ASSETS	
Cash and cash equivalents.....	<u>\$ 188,942</u>
LIABILITIES	
Due to other governmental units.....	<u>\$ 188,942</u>
TOTALS ALL AGENCY FUNDS	
ASSETS	
Cash and cash equivalents.....	\$ 21,460,902
Accounts receivable.....	689,630
Due from other Governmental Units.....	9,782
	<u>\$ 22,160,314</u>
LIABILITIES	
Accounts Payable.....	\$ 967,928
Deposits.....	21,003,444
Due to other governmental units.....	188,942
	<u>\$ 22,160,314</u>

Year Ended September 30, 2006

Additions	Deductions	Balances September 30, 2006
354,769,812	349,868,478	\$ 26,173,294
229,375	278,289	640,716
859	10,641	0
<u>355,000,046</u>	<u>350,157,408</u>	<u>\$ 26,814,010</u>
97,023,020	97,420,290	\$ 570,658
114,437,334	109,197,426	26,243,352
<u>211,460,354</u>	<u>206,617,716</u>	<u>\$ 26,814,010</u>
654,293	665,955	\$ 177,280
<u>739,960</u>	<u>751,622</u>	<u>\$ 177,280</u>
355,424,105	350,534,433	\$ 26,350,574
229,375	278,289	640,716
859	10,641	0
<u>355,654,339</u>	<u>350,823,363</u>	<u>\$ 26,991,290</u>
97,023,020	97,420,290	\$ 570,658
114,437,334	109,197,426	26,243,352
739,960	751,622	177,280
<u>212,200,314</u>	<u>207,369,338</u>	<u>\$ 26,991,290</u>

CAPITAL ASSETS⁽¹⁾

⁽¹⁾This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

**CAPITAL ASSETS - USED IN OPERATIONS OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION AND ACTIVITY**

GENESEE COUNTY

Exhibit J-1

	September 30, 2006	
	Total	Land
MANAGEMENT AND PLANNING		
Board Coordinator.....	\$ 4,178	
County Clerk.....	37,105	
County Treasurer.....	27,970	
Drain Commission.....	4,069,633	
Equalization.....	85,589	
Register of Deeds.....	115,458	
	<u>4,339,933</u>	<u>\$ 0</u>
ADMINISTRATION OF JUSTICE		
Circuit Court.....	3,010,235	253,992
District Court.....	1,561,393	
Jury Board.....	5,350	
Probate Court.....	16,295	
Prosecutor.....	72,532	
	<u>4,665,805</u>	<u>253,992</u>
LAW ENFORCEMENT AND COMMUNITY PROTECTION		
Animal Shelter.....	1,785,243	
Office of Emergency Preparedness.....	16,634	
Public Safety.....	28,143,870	73,300
	<u>29,945,747</u>	<u>73,300</u>
HUMAN SERVICES		
Veteran's Information.....	21,771	
County Health.....	1,797,839	54,000
	<u>1,819,610</u>	<u>54,000</u>
COMMUNITY ENRICHMENT AND DEVELOPMENT		
Cooperative Extension.....	432,458	
Total Quality Management.....	2,600	
	<u>435,058</u>	<u>0</u>
COMMUNITY MENTAL HEALTH.....	<u>1,387,107</u>	<u>0</u>
GENERAL		
Land and Improvements.....	3,932,709	3,650,039
Buildings and Improvements.....	73,479,661	
Equipment.....	2,983,777	
	<u>80,396,147</u>	<u>3,650,039</u>
TOTAL GENERAL GOVERNMENT	<u>122,989,407</u>	<u>4,031,331</u>
RECREATION.....	<u>25,170,277</u>	<u>8,781,286</u>
TOTAL CAPITAL ASSETS ALLOCATED TO FUNCTIONS	<u>\$ 148,159,684</u>	<u>\$ 12,812,617</u>
TOTAL CAPITAL ASSETS	<u>\$ 148,159,684</u>	

Land Improvements	Buildings and Improvements	Equipment
		\$ 4,178
		37,105
		27,970
		4,069,633
		85,589
		115,458
<u>\$ 0</u>	<u>\$ 0</u>	<u>4,339,933</u>
18,578	1,423,241	1,314,424
	1,432,001	129,392
		5,350
		16,295
		72,532
<u>18,578</u>	<u>2,855,242</u>	<u>1,537,993</u>
1,423	1,747,860	35,960
		16,634
385,136	26,906,971	778,463
<u>386,559</u>	<u>28,654,831</u>	<u>831,057</u>
		21,771
		1,743,839
		<u>1,765,610</u>
	363,710	68,748
		2,600
<u>0</u>	<u>363,710</u>	<u>71,348</u>
<u>0</u>	<u>0</u>	<u>1,387,107</u>
282,670	73,479,661	2,983,777
		2,983,777
282,670	73,479,661	12,916,825
687,807	105,353,444	312,279
<u>6,238,290</u>	<u>9,838,422</u>	
<u>\$ 6,926,097</u>	<u>\$ 115,191,866</u>	<u>\$ 13,229,104</u>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

GENESEE COUNTY

Exhibit J-2

	Fiscal Year Ended September 30, 2006			
	Capital Assets October 1, 2005	Additions	Deletions	Capital Assets September 30, 2006
MANAGEMENT AND PLANNING				
Board Coordinator.....	\$ 10,394	\$ 4,178	\$ 10,394	\$ 4,178
County Clerk.....	43,490	3,167	9,552	37,105
County Treasurer.....	30,553		2,583	27,970
Drain Commission.....	4,061,523	13,747	5,637	4,069,633
Equalization.....	109,043	27,770	51,224	85,589
Register of Deeds.....	121,196		5,738	115,458
	<u>4,376,199</u>	<u>48,862</u>	<u>85,128</u>	<u>4,339,933</u>
ADMINISTRATION OF JUSTICE				
Circuit Court.....	3,620,204		609,969	3,010,235
District Court.....	1,548,187	88,008	74,802	1,561,393
Jury Board.....	1,105	5,350	1,105	5,350
Probate Court.....	42,648	1,812	28,165	16,295
Prosecutor.....	75,434	7,139	10,041	72,532
	<u>5,287,578</u>	<u>102,309</u>	<u>724,082</u>	<u>4,665,805</u>
LAW ENFORCEMENT AND COMMUNITY PROTECTION				
Animal Shelter.....	1,785,243			1,785,243
Office of Emergency Preparedness.....	16,209	3,425	3,000	16,634
Public Safety.....	28,530,082	41,093	427,305	28,143,870
	<u>30,331,534</u>	<u>44,518</u>	<u>430,305</u>	<u>29,945,747</u>
HUMAN SERVICES				
Veteran's Information.....	21,771			21,771
County Health.....	1,757,222	40,617		1,797,839
	<u>1,778,993</u>	<u>40,617</u>	<u>0</u>	<u>1,819,610</u>
COMMUNITY ENRICHMENT AND DEVELOPMENT				
Cooperative Extension.....	433,693		1,235	432,458
Total Quality Management.....	2,600			2,600
	<u>436,293</u>		<u>1,235</u>	<u>435,058</u>
COMMUNITY MENTAL HEALTH.....	<u>1,261,855</u>	<u>125,252</u>		<u>1,387,107</u>
GENERAL				
Land and Improvements.....	3,882,101	50,608		3,932,709
Buildings and Improvements.....	68,702,837	4,776,824		73,479,661
Equipment.....	2,983,777			2,983,777
	<u>75,568,715</u>	<u>4,827,432</u>	<u>0</u>	<u>80,396,147</u>
TOTAL GENERAL GOVERNMENT	<u>119,041,167</u>	<u>5,188,990</u>	<u>1,240,750</u>	<u>122,989,407</u>
RECREATION.....	<u>25,125,553</u>	<u>44,724</u>		<u>25,170,277</u>
TOTAL CAPITAL ASSETS ALLOCATED TO FUNCTIONS	<u>\$ 144,166,720</u>	<u>\$ 5,233,714</u>	<u>\$ 1,240,750</u>	<u>\$ 148,159,684</u>
Construction in Progress.....	4,216,410	89,136	4,305,546	0
TOTAL CAPITAL ASSETS	<u>\$ 148,383,130</u>	<u>\$ 5,322,850</u>	<u>\$ 5,546,296</u>	<u>\$ 148,159,684</u>

STATISTICAL DATA

III Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends: These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. (Tables 1-3, 6, and 14)

Revenue Capacity: These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax. (Tables 7-10)

Debt Capacity: These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt, and the County's ability to issue additional debt in the future. (Tables 11-13 and 15-16)

Demographics and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. (Tables 4-5)

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. (Tables 17-19)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The County implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

NET ASSETS BY COMPONENT

GENESEE COUNTY

Table 1

	As of September 30,			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 62,947,814	\$ 64,123,284	\$ 68,614,443	\$ 59,964,277
Restricted	-	-	-	-
Unrestricted	60,790,372	67,344,504	69,552,164	84,033,161
Total governmental activities net assets	\$ 123,738,186	\$ 131,467,788	\$ 138,166,607	\$ 143,997,438
Business-type activities:				
Invested in capital assets, net of related debt	\$ 5,199,516	\$ 5,486,788	\$ 4,746,425	\$ 4,884,340
Restricted	5,596,895	5,596,895	6,588,273	8,059,145
Unrestricted	21,505,116	17,129,144	11,825,867	8,615,103
Total business-type activities net assets	\$ 32,301,527	\$ 28,212,827	\$ 23,160,565	\$ 21,558,588
Primary government:				
Invested in capital assets, net of related debt	\$ 68,147,330	\$ 69,610,072	\$ 73,360,868	\$ 64,848,617
Restricted	5,596,895	5,595,895	6,588,273	8,059,145
Unrestricted	82,295,488	84,473,648	81,378,031	92,648,264
Total primary government net assets	\$ 156,039,713	\$ 159,679,615	\$ 161,327,172	\$ 165,556,026

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

GENESEE COUNTY

Table 2

Fiscal Year	Property Tax	State Income Tax	Single Business Tax	State Liquor Tax	State Cigarette Tax	Total
1997	\$ 43,344,486	\$ 7,911,494	\$ 1,556,004	\$ 1,439,234	\$ 310,720	\$ 54,561,938
1998	45,333,981	7,871,269	1,568,809	1,496,689	366,116	56,636,864
1999	48,114,172	7,927,842	1,560,273	817,180	230,750	58,650,217
2000	50,235,923	8,528,527	1,560,273	870,945	141,390	61,337,058
2001	52,779,443	8,616,399	1,560,273	952,505	100,009	64,008,629
2002	56,339,393	8,392,256	1,560,273	1,017,209	76,889	67,386,020
2003	59,330,821	7,365,672	1,505,222	981,323	(265,687)	68,917,351
2004	61,506,389	5,929,005	1,352,579	1,010,888	77,147	69,876,008
2005	80,016,835	-	-	2,092,636	250,829	82,360,300
2006	90,130,888	-	-	2,160,880	272,636	92,564,404

Expenses	Fiscal Year Ended September 30,			
	2003	2004	2005	2006
Governmental activities:				
Legislative	\$ 832,256	\$ 927,251	\$ 919,415	\$ 1,016,026
Management and planning	11,858,822	18,128,369	33,824,940	34,035,699
Administration of justice	35,822,370	36,764,408	37,721,807	37,466,674
Law enforcement and community protection	31,890,961	37,074,422	31,940,559	35,380,617
Human services	189,589,126	193,080,458	207,518,433	206,232,926
Community enrichment and development	9,541,896	7,759,423	7,952,030	10,198,345
General support services	244,806	201,566	229,806	330,176
Other	6,279,220	3,166,480	1,015,465	-
Interest on long-term debt	1,876,245	1,449,721	1,590,352	1,244,093
Total governmental activities expenses	287,935,702	298,552,098	322,712,807	325,904,556
Business-type activities:				
Commissary	318,061	260,464	275,728	307,663
Delinquent Tax	3,566,015	4,339,170	2,876,769	4,417,404
Parks and recreation enterprise	1,537,414	1,510,269	1,454,358	1,786,317
Total business-type activities expenses	5,421,490	6,109,903	4,606,855	6,511,384
Total primary government expenses	\$ 293,357,192	\$ 304,662,001	\$ 327,319,662	\$ 332,415,940
General Revenues and Other Changes in Net Assets	Fiscal Year Ended September 30,			
	2003	2004	2005	2006
Program Revenues				
Governmental activities:				
Charges for services:				
Management and planning	\$ 6,449,909	\$ 6,760,492	\$ 6,317,835	\$ 5,595,829
Administration of justice	3,546,663	4,207,446	4,339,188	4,030,973
Law enforcement and community protection	1,247,805	1,540,849	1,366,836	1,536,277
Human services	68,097,426	74,186,952	82,879,118	84,679,874
Community enrichment and development	1,499,970	1,866,889	2,300,229	2,319,598
Operating grants and contributions	-	108,447,493	106,495,973	102,973,924
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	80,841,773	197,010,121	203,699,179	201,136,475
Business-type activities:				
Charges for services:				
Commissary	502,931	458,052	473,796	467,888
Delinquent Tax	4,920,582	9,632,038	5,883,971	7,827,298
Parks and recreation enterprise	1,182,977	413,848	777,295	1,402,855
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	6,606,490	10,503,938	7,135,062	9,698,041
Total primary government program revenues	\$ 87,448,263	\$ 207,514,059	\$ 210,834,241	\$ 210,834,516
Net (expense)/revenue				
Governmental activities	\$ (98,719,783)	\$ (101,541,977)	\$ (119,013,628)	\$ (124,768,081)
Business-type activities	1,185,000	4,394,035	(3,355,764)	3,186,657
Total primary government net expense	\$ (97,534,783)	\$ (97,147,942)	\$ (122,369,392)	\$ (121,581,424)

CHANGES IN GOVERNMENTAL NET ASSETS

GENESEE COUNTY

Table 3 Continued

	Fiscal Year Ended September 30,			
	2003	2004	2005	2006
Governmental activities:				
Taxes:				
Current property taxes	\$ 49,744,291	\$ 61,506,389	\$ 80,016,835	\$ 90,130,888
State income tax	7,365,672	5,929,005	-	-
Single business tax	1,505,222	1,352,579	-	-
State liquor tax	981,323	1,010,888	2,092,636	2,160,880
State cigarette tax	(265,687)	77,147	250,829	272,636
Use of money and investments	2,897,705	4,092,363	5,632,975	3,528,890
Other unrestricted intergovernmental revenues	26,693,472	18,452,999	21,993,912	22,586,954
Other unrestricted revenues	1,851,150	4,154,743	2,825,926	6,659,243
Unrestricted contributions	3,623,846	3,866,178	4,071,075	-
Transfers	7,561,032	8,829,288	7,909,798	5,259,421
Total governmental activities	101,958,026	109,271,579	124,793,986	130,598,912
Business-type activities:				
Taxes				-
Use of money and investments	150,171	346,553	329,329	470,787
Transfers	(7,561,032)	(8,829,288)	(7,909,798)	(5,259,421)
Total business-type activities	(7,410,861)	(8,482,735)	(7,580,469)	(4,788,634)
Total primary government	\$ 94,547,165	\$ 100,788,844	\$ 117,213,517	\$ 125,810,278
Change in Net Assets				
Governmental activities	\$ 3,238,243	\$ 7,729,602	\$ 5,780,358	\$ 5,830,831
Business-type activities	(6,225,861)	(4,088,700)	(5,052,262)	(1,601,977)
Total primary government	\$ (2,987,618)	\$ 3,640,902	\$ 728,096	\$ 4,228,854

DEMOGRAPHIC AND ECONOMIC STATISTICS

GENESEE COUNTY

Table 4

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ²	School Enrollment ³	Unemployment Rate ⁴
1997	432,978	\$10,179,312,780	\$23,510	91,566	5.5 %
1998	433,160	10,469,910,360	24,171	91,000	5.9
1999	434,409	11,117,829,537	25,593	90,604	5.6
2000	436,141	11,527,206,630	26,430	84,652	5.4
2001	436,141	11,357,983,922	26,042	90,329	7.5
2002	436,141	11,648,017,687	26,707	90,491	8.6
2003	436,141	12,332,759,057	28,277	89,805	9.4
2004	436,141	12,268,646,330	28,130	89,423	8.9
2005	436,141	12,145,218,427	27,847	84,979	7.7
2006	436,141	Not Available	Not Available	84,418	8.1

Data sources

¹Bureau of the Census

²Genesee Regional Chamber of Commerce

³Genesee Intermediate School District

⁴State of Michigan

PRINCIPAL EMPLOYERS

GENESEE COUNTY

CURRENT YEAR AND NINE YEARS AGO

Table 5

Employer	2006			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
General Motors Corp	12,246	1	6.16 %	40,944	1	18.54 %
Delphi Automotive	4,932	2	2.48			
Genesys Health System	3,265	3	1.64	3,552	2	1.61
Flint Community Schools	3,200	4	1.61	3,449	3	1.56
Hurley Medical Center	2,510	5	1.26	2,760	4	1.25
Square D	2,500	6	1.26			
McLaren Medical Center	2,400	7	1.21	2,400	5	1.09
Meijer Inc.	1,563	8	0.79	900	10	0.41
City of Flint	1,311	9	0.66	1,741	6	0.79
Genesee County	1,287	10	0.65	1,037	7	0.47
Mott Community College				1,034	8	0.47
Citizens Bank				1,020	9	0.46
Total	35,214		17.73 %	58,837		26.64 %

Source: Flint Genesee Economic Growth Alliance.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

GENESEE COUNTY

Table 6

	1997	1998	1999	2000
Revenues				
Taxes	\$ 43,344,486	\$ 45,333,981	\$ 48,114,172	\$ 50,235,923
Licenses and permits	915,934	847,767	881,789	940,522
Fines and forfeitures	1,806,163	1,975,856	2,251,636	2,327,502
Use of money and property	3,080,513	3,468,976	3,088,290	5,436,329
Federal grants	31,766,445	35,329,871	41,589,456	45,905,372
State grants	48,040,743	49,335,103	44,936,211	49,124,272
Other intergovernmental revenues	17,386,697	18,791,695	18,606,198	19,600,354
Charges for services	47,318,021	54,425,736	71,568,319	72,467,205
Other	4,692,941	4,729,432	4,782,835	4,613,357
Total revenues	<u>198,351,943</u>	<u>214,238,417</u>	<u>235,818,906</u>	<u>250,650,836</u>
Expenditures				
Current operations:				
Legislative	735,171	782,033	934,457	791,432
Management and planning	7,751,712	8,670,289	8,796,702	8,400,071
Administration of justice	24,706,083	25,995,612	27,397,668	30,130,249
Law enforcement and community protection	23,927,406	24,781,254	24,903,604	26,528,212
Human services	119,984,362	128,942,305	148,913,350	157,141,042
Community enrichment and development	8,258,615	9,206,326	10,319,934	10,842,760
General support services	299,688	314,743	424,951	251,856
Other	5,164,751	5,380,678	5,534,983	6,801,683
Capital outlay	1,772,599	2,324,647	2,760,765	2,658,188
Debt service principal	2,550,719	2,608,318	2,826,321	3,679,322
Debt service interest	1,267,835	1,273,734	1,001,885	1,882,696
Advance refunding escrow		2,300,780		
Total expenditures	<u>196,418,941</u>	<u>212,580,719</u>	<u>233,814,620</u>	<u>249,107,511</u>
Excess of revenues over (under) expenditures	1,933,002	1,657,698	2,004,286	1,543,325
Other financing sources (uses)				
Proceeds from notes		2,422,000		
Discount sale of bonds				
Payment to refund bond escrow				
Transfers in	25,023,278	23,958,381	27,070,866	28,317,435
Transfers out	(18,963,796)	(19,577,458)	(22,589,868)	(22,490,335)
Total other financing sources (uses)	<u>6,059,482</u>	<u>6,802,923</u>	<u>4,480,998</u>	<u>5,827,100</u>
Net change in fund balances	<u>\$ 7,992,484</u>	<u>\$ 8,460,621</u>	<u>\$ 6,485,284</u>	<u>\$ 7,370,425</u>
Debt service as a percentage of noncapital expenditures	1.9%	1.8%	1.6%	2.2%

Year Ended September 30,					
2001	2002	2003	2004	2005	2006
52,779,443	\$ 56,339,393	\$ 59,330,821	\$ 61,506,389	\$ 82,360,302	\$ 86,840,515
1,062,359	985,811	1,020,218	1,135,328	1,396,599	1,238,421
1,602,481	2,036,590	2,603,628	2,634,086	2,371,011	2,473,432
5,973,298	3,498,117	4,002,596	4,796,954	4,174,354	3,795,451
52,560,978	59,266,293	63,459,559	58,521,771	55,359,347	47,636,776
51,780,681	50,983,604	44,853,105	50,345,235	51,065,065	55,337,148
20,175,195	19,206,174	21,322,672	14,845,416	8,167,368	8,454,322
75,352,962	77,931,129	80,841,773	88,562,628	97,560,370	98,162,552
3,637,222	5,007,064	7,283,432	15,806,629	16,366,979	17,063,294
264,924,619	275,254,175	284,717,804	298,154,436	318,821,395	321,001,911
737,376	802,421	836,525	924,581	920,466	1,018,198
8,893,000	10,332,028	10,730,757	10,548,857	12,302,328	11,387,914
32,641,399	33,312,780	35,730,821	36,280,906	36,094,472	36,092,505
28,811,997	30,132,814	31,170,314	32,194,935	31,504,040	33,575,804
173,456,318	185,210,860	189,995,280	192,932,327	202,020,809	212,013,445
7,086,572	7,912,569	9,366,372	7,539,899	7,774,226	9,134,039
223,428	312,012	244,295	199,860	228,656	230,987
8,078,557	9,470,451	11,049,688	12,177,907	26,975,242	13,958,517
15,708,671	10,732,099	4,972,876	4,380,397	8,194,847	2,826,643
3,732,319	3,417,248	3,752,248	3,427,248	2,827,248	2,779,000
1,825,025	1,733,445	1,876,245	1,641,983	1,840,218	1,521,960
281,194,662	293,368,727	299,725,421	302,248,900	330,682,552	324,539,012
(16,270,043)	(18,114,552)	(15,007,617)	(4,094,464)	(11,861,157)	(3,537,101)
	4,700,000	4,700,000	7,645,000	17,486,536	
				(41,969)	
			(6,362,420)	(13,776,115)	
33,850,091	35,054,252	37,261,766	40,524,638	48,184,559	47,404,927
(24,649,620)	(27,512,436)	(25,138,289)	(27,010,834)	(38,273,955)	(43,701,772)
9,200,471	12,241,816	16,823,477	14,796,384	13,579,056	3,703,155
(7,069,572)	\$ (5,872,736)	\$ 1,815,860	\$ 10,701,920	\$ 1,717,899	\$ 166,054
1.9%	1.7%	1.8%	1.7%	1.4%	1.3%

DIRECT AND OVERLAPPING¹ PROPERTY TAX RATES

GENESEE COUNTY

Table 7

Fiscal Year	Millage Rates - Direct County Taxes ²					
	General Operating	County Parks	County Paramedics	Total Direct Taxes	Schools	Mott Community College
1997	5.59	0.49	0.49	6.57	16.36	1.89
1998	5.59	0.49	0.49	6.57	16.36	1.86
1999	5.58	0.49	0.49	6.56	15.78	1.87
2000	5.58	0.49	0.49	6.56	15.73	1.87
2001	5.58	0.49	0.49	6.56	15.57	1.61
2002	5.58	0.49	0.49	6.56	15.21	2.00
2003	5.55	0.49	0.49	6.53	14.52	1.84
2004	5.52	0.49	0.49	6.5	13.79	1.94
2005	5.51	0.48	0.48	6.47	13.11	1.85
2006	5.51	0.48	0.48	6.47	14.80	1.94

Source: Genesee County Equalization

¹ Overlapping rates are those of local and county governments that apply to property owner within Genesee County. Not all overlapping rates apply to all whose property is located within the geographic boundaries of the special district).

² Local and county governments are limited by State Statute (Headlee Amendment) to increase property taxes (without a vote of the public) no more that the

TAXABLE VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

GENESEE COUNTY

Table 8

Fiscal Year Ended September 30	Taxable Value by Property Type:			
	Real Property			Agricultural & Other
	Residential	Commercial	Industrial	
1997	4,277,411,336	1,181,319,115	392,394,183	123,411,658
1998	4,566,737,131	1,243,172,477	404,889,126	120,457,061
1999	4,845,176,407	1,318,367,382	416,794,282	121,860,332
2000	5,186,747,804	1,405,077,223	445,854,046	119,235,432
2001	5,613,044,953	1,491,801,948	421,953,791	114,495,539
2002	6,072,127,173	1,597,976,309	418,394,903	116,615,019
2003	6,450,983,934	1,669,908,541	441,422,475	109,345,900
2004	6,895,425,829	1,753,000,981	443,446,262	108,187,742
2005	7,375,298,859	1,846,280,434	457,832,433	109,816,454
2006	7,930,930,667	1,942,291,432	462,904,596	108,960,093

Source: Genesee County Equalization

Note: Property in the county is reassessed annually. The county assesses property at approximately 50 percent of actual value for all Tax rates are per \$1,000 of assessed value.

Genesee Intermediate School	Overlapping Taxes				Total Tax Rate Direct & Overlapping Rates
	Townships Cities and Village	District Library	Airport Authority	Special Assess.	
3.40	10.81	0.69	0.49	0.22	40.43
3.40	10.26	0.79	0.49	0.21	39.94
3.29	8.89	0.78	0.49	0.20	37.86
3.28	8.71	0.78	0.49	0.22	37.64
2.89	8.25	0.78	0.49	0.19	36.34
3.49	9.41	0.78	0.49	0.17	38.11
3.57	8.82	0.77	0.49	0.19	36.73
3.40	9.12	0.76	0.49	0.17	36.17
3.23	8.67	0.76	0.48	0.14	34.71
3.32	9.21	0.75	0.48	0.12	37.09

Genesee County property owners (e.g., the rates for special districts apply only to the proportion of the government's property owner:

rate of inflation exclusive of net additions in property values due to new construction. Otherwise, a rate rollback must be done

Personal Property	Total Value	Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a % of Actual
1,022,626,967	6,997,163,259	6.57	14,874,827,966	47.04%
1,079,519,155	7,414,774,950	6.57	16,253,638,080	45.62%
1,106,959,737	7,809,158,140	6.56	17,652,999,824	44.24%
1,000,659,234	8,157,573,739	6.56	18,736,226,818	43.54%
951,796,172	8,593,092,403	6.56	20,198,052,686	42.54%
960,898,112	9,166,011,516	6.56	21,820,528,372	42.01%
933,727,354	9,605,388,204	6.53	23,297,946,094	41.23%
908,022,829	10,108,083,643	6.50	24,589,093,896	41.11%
932,598,141	10,721,826,321	6.47	26,070,064,822	41.13%
875,861,401	11,320,948,189	6.47	27,391,654,734	41.33%

types of real and personal property. Estimated actual value is calculated by doubling assessed value

PRINCIPAL PROPERTY TAX PAYERS

GENESEE COUNTY

Table 9

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
General Motors Corp	\$ 397,922,434	1	2.91 %	\$ 787,753,741	1	10.59 %
Consumers Energy	190,819,645	2	1.39	172,144,806	2	2.31
Delphi Automotive	94,228,572	3	0.69			
Genesee Investors II LLC (Genesee Valley)	58,249,120	4	0.43	64,521,640	3	0.87
Wal-Mart/Sam's	30,871,992	5	0.23			
Edward Rose Assoc ETAL	27,836,011	6	0.20	14,269,776	6	0.19
Home Depot	21,416,318	7	0.16			
Kroger Co	20,313,510	8	0.15			
Ring Screw Works ETAL	19,753,329	9	0.14			
Meijers Inc	19,319,784	10	0.14	11,279,645	9	0.15
E.D.S. Corporation				38,236,235	4	0.51
Grant Auker Realty				28,024,753	5	0.38
Great Lakes Gas Transmission Co				13,952,866	7	0.19
Occidental Development				12,602,453	8	0.17
Center Courtland, Inc				10,400,000	10	0.14
Totals	<u>\$ 880,730,715</u>		<u>6.43 %</u>	<u>\$ 1,153,185,915</u>		<u>15.51 %</u>

Source: Genesee County Equalization

PROPERTY TAX LEVIES AND COLLECTIONS

GENESEE COUNTY

Table 10

Tax Year	Fiscal Year Ended September 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
1996	1997	\$43,866,335	\$40,531,839	92.4 %	\$3,277,543	\$43,809,382	99.9 %
1997	1998	45,631,814	41,986,210	92.0	3,606,528	45,592,738	99.9
1998	1999	48,400,678	44,274,120	91.5	4,088,264	48,362,384	99.9
1999	2000	51,583,762	47,566,435	92.2	4,000,840	51,567,275	100.0
2000	2001	53,656,134	49,123,362	91.6	4,491,202	53,614,564	99.9
2001	2002	57,316,530	52,821,625	92.2	4,385,198	57,206,823	99.8
2002	2003	61,019,215	56,373,215	92.4	3,847,657	60,220,872	98.7
2003	2004	63,422,129	58,517,508	92.3	2,080,607	60,598,115	95.5
2004	2005	66,168,833	60,857,672	92.0	2,377,100	63,234,772	95.6
2005	2006	69,978,962	64,674,114	92.4	3,337,568	68,011,682	97.2

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

GENESEE COUNTY

Table 11

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
1997	\$23,765,000	\$5,554,582	\$18,210,418	0.12 %	\$42
1998	21,717,000	6,123,871	15,593,129	0.10	36
1999	40,731,000	6,777,669	33,953,331	0.19	79
2000	37,688,000	7,046,717	30,641,283	0.16	71
2001	34,560,500	8,322,177	26,238,323	0.13	60
2002	36,018,500	9,798,882	26,219,618	0.12	60
2003	34,764,000	11,734,071	23,029,929	0.10	53
2004	35,486,000	14,908,023	20,577,977	0.08	47
2005	36,316,500	235,892	36,080,608	0.14	83
2006	33,537,500	0	33,537,500	0.12	77

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (Table 8) for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics (Table 4).

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

GENESEE COUNTY

Table 12

	Net Debt Outstanding	Percentage Applicable Name of Government	Amount Applicable Genesee County
County at Large	\$148,945,675	24.1 %	\$35,945,000
School Districts	481,037,184	81.2	390,694,070
Cities and Villages	50,488,943	96.1	48,530,133
Townships	47,116,861	100.0	47,116,861
County-issued Bonds paid by local municipalities	98,380,357	100.0	98,380,357
Mott Community College and Genesee Intermediate School District	96,385,000	90.5	87,231,280
Total direct and overlapping debt			<u>\$707,897,701</u>

Source: Municipal Advisory Council of Michigan.

RATIOS OF OUTSTANDING DEBT

GENESEE COUNTY

Table 13

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Equipment Notes	Capital Leases	Installment Agreements
1997	\$23,765,000	\$1,335,969		\$2,632,124
1998	21,717,000	1,046,225		1,125,122
1999	40,731,000	1,686,257	67,306	1,721,420
2000	37,688,000	1,396,438	13,818	968,870
2001	34,560,500	2,057,754	500	415,552
2002	36,018,500	1,513,694		311,664
2003	34,764,000	1,141,091		207,776
2004	35,486,000	747,432		103,888
2005	36,316,500	386,694		
2006	33,537,500	254,540		

FUND BALANCES OF GOVERNMENTAL FUNDS

GENESEE COUNTY

Table14

	1997	1998	1999	2000
General Fund:				
Reserved	\$ 1,231,213	\$ 1,348,641	\$ 1,811,327	\$ 2,180,740
Unreserved	8,334,174	11,379,627	16,563,477	1,894,567
Total general fund	<u>\$ 9,565,387</u>	<u>\$ 12,728,268</u>	<u>\$ 18,374,804</u>	<u>\$ 4,075,307</u>
All other governmental funds				
Reserved	\$ 519,534,327	\$ 559,480,614	\$ 596,265,551	\$ 641,187,885
Unreserved, reported in:				
Special revenue funds	12,616,319	17,203,992	13,889,934	14,696,351
Capital projects funds	(188,432)	(640,240)	17,009,782	11,228,337
Debt service funds	5,554,582	6,123,871	6,777,669	7,046,717
Total all other governmental funds	<u>\$ 537,516,796</u>	<u>\$ 582,168,237</u>	<u>\$ 633,942,936</u>	<u>\$ 674,159,290</u>

Business - Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita ¹
General Obligation Bonds	Delinquent Tax Notes			
\$1,640,000	\$17,886,000	\$47,259,093	46.09 %	\$108
1,538,000	20,024,000	45,450,347	43.11	104
1,179,000	14,911,000	60,295,983	54.02	138
1,117,000	12,487,000	53,671,126	46.56	123
1,044,500	12,978,000	51,056,806	44.97	117
921,500	15,411,500	54,176,858	47.21	124
766,000	14,513,000	51,391,867	42.82	118
609,000	14,617,000	51,563,320	42.96	118
463,500	16,484,000	53,650,694	44.70	123
307,500	21,795,000	55,894,540	46.57	128

As of September 30,					
2001	2002	2003	2004	2005	2006
\$ 2,748,106	\$ 2,571,294	\$ 3,382,233	\$ 3,237,607	\$ 3,540,891	\$ 3,598,594
18,968,701	17,928,706	15,560,534	15,757,245	15,292,806	9,301,036
<u>\$ 21,716,807</u>	<u>\$ 20,500,000</u>	<u>\$ 18,942,767</u>	<u>\$ 18,994,852</u>	<u>\$ 18,833,697</u>	<u>\$ 12,899,630</u>
\$ 638,603,620	\$ 11,175,952	\$ 7,021,921	\$ 1,700,659	\$ 1,306,925	\$ 23,309,614
13,780,202	10,816,731	16,599,640	27,968,408	45,006,647	29,581,547
1,572,646	(1,969,558)	132,638	1,561,015	1,467,695	726,119
8,322,177	9,798,882	11,734,071	14,908,023	235,892	-
<u>\$ 662,278,645</u>	<u>\$ 29,822,007</u>	<u>\$ 35,488,270</u>	<u>\$ 46,138,105</u>	<u>\$ 48,017,159</u>	<u>\$ 53,617,280</u>

LEGAL DEBT MARGIN

GENESEE COUNTY

Table 15

	1997	1998	1999	2000
Calculation of Debt Limit:				
State Equalized Valuation	\$7,436,181,431	\$8,126,676,693	\$8,826,499,912	\$9,368,113,409
10% of Taxable Value	743,618,143	812,667,669	882,649,991	936,811,341
Calculation of Debt Subject to Limit:				
Total Long-Term Debt	29,373,093	26,424,587	45,284,983	41,184,126
Plus Delinquent Tax Notes (Current)	17,886,000	20,024,000	14,911,000	12,487,000
Component Unit Debt:				
Brownfield Authority				
Land Bank Authority				
Water and Waste Services	89,905,000	83,935,000	82,800,000	78,495,000
Road Commission	5,368,765	8,864,967	8,711,344	8,745,034
Drain Fund	2,472,201	2,214,113	1,803,392	1,986,302
Less: Debt Not Subject to Limit:				
Non-Bonded Debt	4,266,914	3,176,625	3,894,405	3,028,968
Road Commission Debt Not Subject to Legal Debt Limit	5,069,944	8,562,416	7,905,000	7,785,000
Water and Waste Service Sewer Bonds	74,880,000	71,195,000	72,595,000	70,450,000
Drain Fund Special Assessment Debt	1,477,201	1,309,113	998,392	1,281,302
Net Debt Subject to Limit	59,311,000	57,219,513	68,117,922	60,352,192
Legal Debt Margin	684,307,143	755,448,156	814,532,069	876,459,149
Net Debt Subject to Limit as % of Debt Limit	7.98%	7.04%	7.72%	6.44%

Note: Under state finance law, Genesee County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. general obligation bonds.

PLEDGED-REVENUE COVERAGE

GENESEE COUNTY

Table 16

Fiscal Year	Water and Sewer Revenue Bonds				
	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service	
				Principal	Interest
1997	19,777,982	15,011,066	4,766,916	8,385,000	4,445,820
1998	22,125,720	15,452,344	6,673,376	8,730,000	4,074,798
1999	22,167,057	15,757,706	6,409,351	9,135,000	3,742,362
2000	22,607,437	19,365,300	3,242,137	9,260,000	3,686,577
2001	24,294,418	21,437,967	2,856,451	9,000,000	3,152,759
2002	28,136,915	24,055,391	4,081,524	7,740,000	3,180,964
2003	29,500,607	26,403,112	3,097,495	10,260,000	4,477,742
2004	31,270,777	28,668,831	2,601,946	7,530,000	5,286,079
2005	33,089,994	31,414,650	1,675,344	7,020,000	4,698,900

Note: Details regarding Water and Waste Services outstanding debt can be found in the notes to the financial statements. Operating expenses do not

Fiscal Year Ended September 30,					
2001	2002	2003	2004	2005	2006
\$10,099,026,343 1,009,902,634	\$10,910,264,186 1,091,026,419	\$11,648,973,047 1,164,897,305	\$12,294,546,948 1,229,454,695	\$13,035,032,411 1,303,503,241	\$13,695,827,367 1,369,582,737
38,078,805 12,978,000	38,765,358 14,490,000	39,308,867 14,513,000	36,946,320 14,617,000	42,166,698 16,484,000	39,099,540 21,795,000
				56,814	445,942
75,360,000 8,883,362 2,720,986	66,100,000 7,622,092 2,262,885	68,100,000 6,163,487 2,207,898	100,165,000 5,016,814 2,173,708	117,465,000 3,765,617 1,718,859	115,596,420 2,761,480 2,950,407
3,246,526 7,815,000 69,410,000 1,365,986	2,356,808 6,795,000 62,275,000 1,057,885	1,626,713 5,590,000 65,945,000 1,152,898	1,446,897 4,415,000 71,470,000 1,268,708	822,315 3,330,000 74,905,000 863,859	439,072 2,385,000 74,006,420 615,407
56,183,641	56,755,642	55,978,641	80,318,237	101,735,814	105,202,890
953,718,993	1,034,270,777	1,108,918,664	1,149,136,458	1,201,767,427	1,264,379,847
5.56%	5.20%	4.81%	6.53%	7.80%	7.68%

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying.

Special Assessment Bonds				
Coverage	Special Assessment	Debt Service		Coverage
		Principal	Interest	
0.37152076				
0.521162146				
0.49772236				
0.250424263				
0.235045474				
0.373732942				
0.210174327				
0.203022001				
0.142960858				

include interest or depreciation.

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

GENESEE COUNTY

Table 17

Function	1997	1998	1999	2000
Affirmative Action	2	3	3	4
Animal Shelter	12	12	11	13
Board Office	15	13	14	14
Building & Grounds	28	26	28	27
Circuit Court	33	35	32	33
Controller	21	20	20	19
Cooperative Extension	3	3	3	3
Corporation Counsel	6	6	6	6
County Clerk	34	37	39	41
Court Services	16	15	15	18
District Court	54	63	62	65
Emergency Management	1	1	1	2
Equalization	12	12	12	12
Family Court				
Friend of the Court	78	82	81	85
GCCARD	49	53	86	88
Genesee Valley Regional Ctr.				
GIS				
Human Resources	8	9	9	9
M.I.S.	21	20	21	24
Parks & Recreation	28	27	28	26
Planning	21	21	19	21
Probate Court	53	56	62	64
Prosecutor	77	73	78	78
Public Health	156	169	170	180
Purchasing	8	8	8	8
Register of Deeds	12	12	12	12
Sheriff	240	241	275	277
Surface Water Management	17	17	17	17
Treasurer	14	14	16	16
Veteran's Info. Center	3	3	3	3
Total	1,022	1,051	1,131	1,165

Source: Government Human Resources Office.

2001	2002	2003	2004	2005	2006
3	3	2	2	3	3
14	14	12	12	12	13
14	14	15	16	15	15
28	30	26	26	26	25
34	36	36	50	52	56
18	21	21	17	17	17
3	3	3	3	3	3
6	6	5	5	6	6
38	42	37	38	37	40
17	16	13			
68	68	63	63	63	63
3	3	3	4	4	4
13	12	11	11	10	7
	37	38	33	32	34
95	105	103	99	101	101
95	99	104	105	94	89
	34	42	40	41	42
			1	3	2
10	10	9	9	8	7
22	22	21	22	20	19
26	27	28	28	29	28
24	23	22	20	19	20
65	28	25	26	24	24
77	81	78	73	68	71
189	177	167	165	158	152
8	8	7	7	6	7
13	13	11	12	11	11
278	279	269	273	264	265
18	22	22	21	19	22
16	18	23	23	19	18
3	3	3	3	3	3
1,198	1,254	1,219	1,207	1,167	1,167

OPERATING INDICATORS BY FUNCTION

GENESEE COUNTY

Table 18

Function/Program	1997	1998	1999	2000
Board Office Committee Meeting Log:				
Joint Public Works	23	21	18	17
Finance/Budget	1	0	1	1
Joint Governmental Operations	22	21	22	22
Joint Human Services	20	21	21	21
Community & Economic Development	9	12	12	11
Board of Commissioners	36	26	28	31
Building & Grounds:				
Centrally Generated Work Orders				
Circuit Court:				
Number of Civil Cases	2,173	2,400	2,427	2,361
Number of Criminal	1,791	1,816	1,620	1,791
Number of Family Cases	12,359	13,501	13,294	13,393
Controllers:				
Number of Checks	35,236	47,005	48,509	48,618
Cooperative Extension:				
4-H Volunteers	5,911	6,994	10,700	14,920
Master Gardener Volunteers	220	179	235	251
Residents Served				
County Clerk General Election Data:				
Registered Voters	326,147	333,905	333,905	319,719
Ballots Cast	177,845	140,982	140,982	194,629
Percent Voting	54.5%	42.2%	42.2%	60.9%
Birth Certificates	6,796	6,976	7,113	6,996
Civil Cases Filed	2,993	8,940	8,893	8,760
Criminal Cases Filed	1,808	1,834	1,621	1,821
Death Certificates	3,424	3,960	4,047	4,150
Divorces	8,516	3,141	3,124	3,077
Marriage Licenses	4,222	3,087	3,366	3,094
District Court:				
Number of Civil Cases			13,730	13,564
Number of Criminal/Traffic Cases			61,451	57,507
Equalization:				
Number of Parcel Counts	184,765	187,191	189,820	191,902
Friend of the Court:				
Number of Active Cases	42,905	43,858	43,235	43,104
Health:				
Women & Infant Children (WIC) Clients			12,195	11,896
STD Cases			4,726	3,360

2001	2002	2003	2004	2005	2006
20	20	19	20	20	20
2	10	16	8	16	30
26	23	25	23	25	27
21	21	22	23	21	25
12	11	13	12	10	14
30	31	29	29	28	39
		2,023	2,011	2,045	2,001
2,357	2,500	2,204	2,144	2,144	1,895
1,845	1,956	2,092	2,116	2,067	2,149
13,004	11,076	9,788	10,457	9,993	7,085
47,410	48,757	44,704	42,607	37,585	37,410
8,730	9,972	10,288	10,009	9,236	13,976
308	319	381	360	422	371
22,119	24,673	25,927	29,088	36,092	49,391
148,234	319,909	118,774	335,361	154,140	338,530
22,279	136,498	26,691	214,718	22,168	165,346
15.0%	42.7%	22.5%	64.0%	14.4%	48.8%
6,737	6,819	6,777	6,527	6,490	6,602
8,378	8,767	6,836	7,086	6,789	6,865
1,872	1,900	2,022	2,006	1,984	2,060
4,142	4,325	4,131	4,229	4,202	4,285
2,943	3,070	2,401	2,489	2,384	2,411
3,212	2,940	2,924	2,882	2,782	2,579
17,182	18,511	19,609	18,406	18,368	20,185
52,527	62,160	63,474	58,338	57,988	62,437
194,462	196,713	205,937	209,709	212,626	207,759
52,060	53,565	55,216	54,903	55,472	55,577
11,338	11,316	11,316	11,153	11,257	11,376
2,719	2,927	3,266	3,350	3,016	2,878

OPERATING INDICATORS BY FUNCTION

GENESEE COUNTY

Table 18 Continued

Function/Program	1997	1998	1999	2000
Health:				
Food Services Licenses			2,147	2,167
Water Well Permits			1,025	1,771
Parks and Recreation:				
Crossroad Village Attendance	192,309	194,359	177,344	163,008
Planning Commission				
Road Reconstruction, Resurfacing & Restoration				
Lane Miles	45.9	41.2	52.4	29.5
Cost	17,517,000	6,740,000	18,796,408	15,195,000
Streets				
Miles	0.7	2.4	2.3	1.4
Cost	370,029	1,092,589	921,270	756,319
Sidewalks				
Feet	3,000	600	600	1,500
Cost	181,426	43,843	40,848	105,828
Probate Court:				
Number of Probate Cases	5,197	5,330	5,030	4,019
Prosecutors:				
Felony Warrants (more than 1 year)	3,156	3,180	2,809	2,897
Misdemeanor Warrants (more than 1 year)	16	15	13	26
Misdemeanor Warrants (less than 1 year)	749	773	634	778
Purchasing:				
Number of Purchase Orders	1,410	2,284	2,462	2,492
Register of Deeds:				
Annual Recorded Documents	188,740	96,394	228,754	425,812
Sheriff Department:				
Number of Inmates Booked	12,397	12,698	12,275	10,861
Traffic Accidents	1,214	1,815	1,477	1,488
Traffic Violations	3,366	3,695	6,463	1,525
OUIL Arrests	158	158	205	247
Driving With License Suspended Arrests	232	233	495	535
Felony Arrests	164	229	300	367
Misdemeanor Arrests	1,492	1,356	2,200	2,937
Treasurers:				
Number of Cash Receipts	44,798	46,940	50,574	51,172
Veterans Information Services:				
Veteran Services	6,145	4,947	3,401	17,727
Veterans Burial Services	175	124	183	122
Soldiers Relief Commission Services	2,338	841	810	599
Veterans Trust Applications	731	693	709	691

Source: Various county departments.

2001	2002	2003	2004	2005	2006
2,169	2,155	2,144	2,094	2,072	2,012
1,556	1,460	1,627	1,350	1,415	900
167,391	142,859	151,670	146,163	143,007	
67.6	16.7	112.2	41.8	63.3	67.7
13,835,102	3,708,092	30,373,829	13,888,596	37,824,377	40,162,522
1.5	1.9	1.5	1.3	1.6	2.2
881,320	465,883	376,310	402,663	515,474	154,840
3,500	4,000	2,500	600	3,200	4,600
134,036	278,780	125,469	31,324	128,596	214,995
3,772	3,140	3,128	2,746	2,605	3,267
3,031	3,025	3,271	3,246	3,101	3,407
11	31	28	14	25	34
1,122	1,130	1,531	1,489	1,292	1,250
2,371	2,219	2,156	1,905	1,733	1,628
125,955	148,827	166,713	130,944	123,414	111,178
11,623	11,891	11,957	12,209	12,032	12,454
1,394	1,493	1,202	1,213	1,231	919
4,373	3,047	3,783	2,807	2,155	2,356
217	155	125	125	72	76
633	538	578	408	318	372
392	291	300	359	403	391
2,669	813	1,158	997	967	604
58,764	58,818	58,222	65,621	53,196	49,473
27,895	17,881	26,323	25,466	25,265	27,763
100	140	116	110	134	103
415	334	344	215	190	148
335	190	144	87	61	48

CAPITAL ASSET STATISTICS BY FUNCTION

GENESEE COUNTY

Table 19

Function/Program	1997	1998	1999	2000
Buildings & Grounds:				
Administration Bldg.	1	1	1	1
Animal Control	1	1	1	1
Clinics	3	3	3	3
Courts	6	6	6	6
Courthouse	1	1	1	1
Dollar Store				1
Drain Commission	1	1	1	1
Galliver Bldg.	1	1	1	1
GCCARD Bldg.	1	1	1	1
Haley				1
Jail	2	2	1	1
Juv. Detention Ctr.				
MacAvinchey Bldg.	1	1	1	1
Motor Pool	1	1	1	1
MSU Extension	1	1	1	1
Parking Structures	2	2	2	2
Drains:				
Number of Drains	1,081	1,094	1,107	1,126
MIS:				
Computers	750	770	790	800
Parks & Recreation:				
Acreage	10,939	10,939	10,939	10,939
Beaches	5	5	4	4
Bicycle Path	4	4	4	4
Boat Launches	2	2	2	2
Campgrounds	2	2	2	2
Disc Golf Course				
For-Mar Nature Preserve & Arboretum	1	1	1	1
Genesee Belle Paddle Wheel Boat	1	1	1	1
Huckleberry Railroad	1	1	1	1
Picnic Areas	5	5	5	5
Play Areas				
Snowmobile Areas	4	4	4	4
Spray Park				
Stepping Stone Falls	1	1	1	1

2001	2002	2003	2004	2005	2006
1	1	1	1	1	1
1	1	1	1	1	1
3	3	4	3	3	3
7	6	7	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
		1	1	1	1
1	1				
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
1,133	1,144	1,153	1,162	1,171	1,177
810	820	825	840	850	855
10,939	10,939	10,939	10,939	10,939	10,939
4	4	4	4	4	4
5	5	5	5	5	6
2	2	2	3	3	3
2	2	2	1	1	1
		1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
5	5	5	5	5	5
	1	2	3	3	5
4	4	4	4	4	
		1	1	1	1
1	1	1	1	1	1

CAPITAL ASSET STATISTICS BY FUNCTION

GENESEE COUNTY

Table 19 Continued

Sheriff:

Housing Cells	355	355	355	355
Isolation Rooms	6	6	6	6
Safety Cells	6	6	6	6
Medical Cells	9	9	9	9
Patrol Vehicles	2	21	21	21
Boats	9	9	9	9
Paramedic Vehicles	9	9	9	9
Motorcycles				

Sources: Various county departments.

355	355	355	355	355	355
6	6	6	6	6	6
6	6	6	6	6	6
9	9	9	9	9	9
21	21	21	21	50	50
9	9	9	9	5	5
9	9	9	9	15	15
				8	8

Committees of the Board of Commissioners

The Committee system, which goes back to the 61 member Board of Supervisors, is still currently maintained. Each of the nine Commissioners of the present Board of Commissioners are a member of each committee. Following are the major committees including a short description of each committee's goals and objectives.

Community & Economic Development Committee

Develop information, alternatives, and recommendations regarding Community Development funds.

Finance and Finance/Budget Committee

Develop plans for financing of County activities so sufficient monies may be raised to pay current fixed operating expenses and all approved extraordinary expenses.

Human Services Committee

Represent the Board of Commissioners in community and human relations and the associated financing of these activities.

Governmental Operations Committee

To review county department requests for purchases, employees, and policy statements and the associated financing of these activities.

Public Works Committee

Recommend needed improvements, repairs, or upkeep to buildings, grounds, and equipment and the associated financing of these activities.

There are various subcommittees on which four Commissioners serve and are assisted by County staff. Some of these subcommittees are Strategic Budget and Planning, Audit, Insurance and Data.